Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 75
Bahrain .. Din 0.650	Italy .... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 600	Sri Lanka .. Rup 30
Denmark .. Dkr 7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt £E1.00	Luxembourg . LFr 38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rin 4.25	Taiwan ... NT $85
France .. FFr. 6.00	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco . Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines . Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,321 — Tuesday May 15 1984 — D 8523 B

French state groups pursue U.S. joint ventures, Page 7

NEWS SUMMARY

GENERAL

Soviets to increase German missiles

The Soviet Union announced that it would be putting more medium-range missiles into East Germany to strengthen moves started last autumn to counter the arrival of U.S. missiles in Western Europe.

News agency Tass said future deployments would be "strictly within the limits necessary for maintaining the balance of forces and neutralising the concrete threat against us and our allies."

In **Washington**, U.S. President Ronald Reagan said that to falter now in the U.S. MX inter-continental missile programme "would reward Moscow for refusing to negotiate, and cast doubt on the solidarity of the Western allies."

He pointed to the comprehensive Soviet programme for large amounts of new weapons comparable to the MX. **Earlier story, Page 6**

Big poll turnout

Early indications showed that the opposition was capturing more votes than expected in the Philippines general election, but that president Ferdinand Marcos would still succeed. Turnout in Manila was said to be between 80 and 90 per cent. **Page 6**

'No Games reprieve'

Soviet Olympic president Marat Gramov said in Moscow that the decision not to compete at Los Angeles was irrevocable. International Olympic president Juan Samaranch left for Malta, having received no reply from Moscow to his request for talks. In **Los Angeles**, Games organiser Peter Ueberroth rejected Soviet complaints as invalid.

Beirut pledge

New Lebanon Premier Rashid Karami pledged himself to try to end the fighting in Beirut, where yesterday Moslem gunners' random shelling killed a Christian boy and wounded 32 people.

Punjab police shot

Two police were shot dead and 40 people arrested as violence flared again in the Punjab, where six towns were put under curfew. **Page 6**

Refinery battle

Four men suspected of attacking with rockets the Mobil refinery in Durban, died in a four-hour gun battle with police. Three others died in a paint room that caught fire in the shooting. The banned South African National Congress claimed responsibility for the attack.

Launch blown up

A new Basque group, Ataska, claimed responsibility for sinking a Spanish navy launch with a bomb at Fuenterrabia. One seaman was killed. **Page 3**

Athens explosion

About 80 people were injured by an explosion in an office and shop building in central Athens. Police suspected a bomb, but decided it was caused by bottled gas.

Poles escape

Seven Poles seeking asylum flew to Sweden in a stolen sports aircraft. **Polish briefing for Pope, Page 3**

Moon appeal refused

The U.S. Supreme Court refused to review the tax fraud conviction of the Rev Sun Myung Moon, founder of the World Unification Church. He had been sentenced to 18 months' jail and fined $25,000.

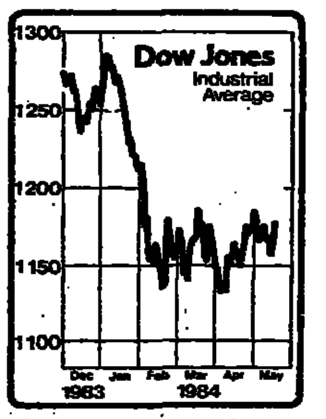
BUSINESS

Tokyo index tumbles 270.53

TOKYO: Nikkei Dow index dropped 270.53, second largest one-day loss on record, to 10,563.34, mostly on small-lot selling. Stock Exchange index fell 20.37 to 828. **Report, Page 33. Leading prices, other exchanges, Page 36**

LONDON: FT Industrial Ordinary index rose by 3 points to 874. Government securities showed small falls. **Report, Page 37. FT Share Information Service, Pages 38, 39**

WALL STREET: Dow Jones Industrial Average closed down 6.07 at 1,151.07. **Report, Page 33, Full Share Prices, Page 34-36**



DOLLAR was volatile on foreign exchanges, falling to DM 2.757 (from Friday's DM 2.7715), FFr 8.465 (FFr 8.515), and SwFr 2.2785 (SwFr 2.2875), and improving to Y231.25 (Y230.25). Its Bank of England trade weighting, struck before the close, was unchanged at 131.7. In New York it was DM 2.7487, SwFr 2.2777, FFr 8.45, Y231.25. **Page 43**

STERLING rose 30 points to close at $1.388, and to Y321 (Y319), but it eased to DM 3.8275 (DM 3.84), FFr 11.7525 (FFr 11.79) and SwFr 3.165 (SwFr 3.17). Its trade weighting was up from 80 to 80.1. In New York it was $1.3895. **Page 43**

GOLD rose $0.25 in London to $373. In Frankfurt it was $0.25 down at $372.5, and in Zurich it rose $0.5 to $372.75. **Page 42**

DENMARK'S first-quarter balance of payments current accounts deficit was 134 per cent up at DKr 5.8bn ($572m). **Page 3**

FIAT, holding company of Italy's biggest private group, improved net profits by 92.8 per cent last year at L214bn ($125m) and plans a L675bn rights issue – a record for the country. **Page 21**

GENERAL DYNAMICS of the U.S. and Turkish state aircraft group Tusas have signed a $150m offset agreement to make aircraft spare parts in Turkey for export. **Page 7**

SALENVEST, Sweden's biggest shipping group, is to raise at least SKr 180m ($22.5m) by hiving-off part of its dry cargo operation and selling a stake to the public. **Page 21**

BERLINER BANK, owned by West Berlin, is to have a major flotation on the West German market as a first step towards privatisation. **Page 20**

BTR, the holding company that last year bought Thomas Tilling in Britain's second largest takeover, says profits are running 50 per cent higher than last year, and is planning a major acquisition, preferably in the U.S. **Page 26**

The editorial content of today's international edition has been restricted because of continuing industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

RECORD FACILITY TO AVERT CRISIS

U.S. banks agree $4.5bn standby for Conti Illinois

BY WILLIAM HALL IN NEW YORK

THE 16 biggest banks in the U.S. have acted swiftly to avert the major crisis of confidence which has arisen over the financial position of Continental Illinois, the eighth biggest U.S. bank, and put together a $4.5bn standby facility for the Chicago bank.

The standby facility, the largest of its kind ever to be launched for a major international bank, follows a week of rumours which have made it increasingly difficult for Continental Illinois to fund itself in both the domestic and international money markets.

Mr David Taylor, chairman and chief executive of Continental Illinois, announced the "major supportive action" for his institution shortly after 1.00 pm eastern daylight time yesterday. The syndicate of banks, which is understood to have been informally arranged by Morgan Guaranty, agreed to put up the $4.5bn to "ensure that Continental Illinois funding requirements continue to be met in a prompt and orderly manner."

Mr David G. Taylor

Mr Taylor, who only took over as chairman three weeks ago following the early retirement of his predecessor, Mr Roger Anderson, said that he hoped "this strong action will facilitate the restoration of confidence in Continental Illinois."

The standby facility did not stop Standard & Poor's, the credit rating facility, from lowering it's ratings on debt obligations of Continental Illinois and its subsidiaries.

Ratings on senior debt are lowered to Triple B from A-minus on preferred stock, to Double B from Triple B-plus and on Commercial Paper to A to A1.

The announcement of the massive standby facility for Continental Illinois was arranged over the weekend after several days of rumours which had made it increasingly difficult for the bank to operate normally in the money markets.

On Thursday the U.S. Comptroller of the Currency took the unprecedented action of stating publicly that he was not aware of "any significant changes in the bank's operations as reflected in its published financial statements that would serve as a basis for these rumours."

Continental Illinois also stated on several occasions last week that the rumours circulating about the possible bankruptcy, merger or acquisition of Continental Illinois had no basis in fact and should never have been fuelled by irresponsible wire service reports.

Continued on Page 20

Reagan avoids criticism of Fed

By Paul Taylor in New York

PRESIDENT Ronald Reagan yesterday backed away from recent criticism of the Federal Reserve Board by members of his Administration, saying that inflationary fears were responsible for high interest rates and suggesting that recent weakness in the growth of the money supply could be "inadvertent."

Questioned about whether the Fed was responsible for high interest rates, he said: "You've just asked a touchy one." He added: "I think that one of the reasons for the interest rates is the lack of confidence out there, that we do not have inflation under control."

Scrupulously avoiding even a hint of criticism of the Central Bank, Mr Reagan said: "Now I have to say also on behalf of the Fed, we must recognise that the tools are not that accurate that they have to work with."

Asked if he was backing off from Treasury Secretary Mr Donald Regan's attacks on the Fed last week, Mr Reagan said: "I think that was what Secretary Regan was also trying to say."

The President's comments follow a widening split in the Administration between Mr Regan and Mr Martin Feldstein, chairman of the Council of Economic Advisers, about Fed policy which has contributed to a slump in bond prices on Wall Street.

Yesterday bond prices were marked sharply lower in highly volatile and thin early trading. Retail investors, stung by interest rate fears, steered clear of the market – apparently to further attempts by some professionals to lighten their portfolios and minimise potential trading losses.

At one point the new 13¼ per cent Treasury Long Bond auctioned last week as part of a package of $16.5bn government paper was marked down in price by almost three full points.

By lunchtime, however, the new 30-year bond had recouped some of its earlier losses and was quoted at 97[11]/32, a decline of about 1⅞ since the Friday close and 2⅝ since the $4.75bn issue was auctioned last Thursday.

At the lunchtime price yesterday the new 30-year bond was yielding 13.60 per cent compared to an average yield of 13.43 per cent at the auction.

The old 12 per cent Treasury

Continued on Page 20

Editorial comment, Page 18; Wall Street report, Page 33

CGT widens dispute over Citroën cuts

BY PAUL BETTS IN PARIS

WORKERS from the Communist-led CGT union occupied two more Citroën car plants yesterday as the conflict widened over the private French car company's plans to reduce its workforce by 13 per cent in France this year.

The occupation of the plants at Levallois and Nanterre, both near Paris, represents a direct challenge by the Communist party against the economic and industrial policies of President François Mitterrand, socialist leader of the coalition Government.

At Nanterre a few violent incidents between workers were reported by the unions, but the situation at Citroën's Aulnay sous Bois plant, also near Paris, remained calm. Production at Aulnay, the first plant to be occupied by CGT workers, has been halted since last Friday.

All the parties involved in the potential explosive dispute appeared to be trying to find a way of avoiding a repeat of the violent clashes which occured during the traumatic labour dispute at the Peugeot group's Talbot plant at Posissy at the beginning of the year.

The Peugeot group, which owns Citroën and which recently reported a FFr 2.5bn ($294m) loss for 1983, has taken legal action against the union to have its Aulnay plant cleared. The magistrate is due to announce his decision today, but it is likely that all the parties will try to avoid sending in riot police to clear the plant by force.

In an attempt to defuse the conflict, M Pierre Beregovey, the Social Affairs Minister, is due to meet representatives of the company and the unions today and tomorrow. The CGT has said it would continue the occupations until negotiations started between the union, the company and the Government.

But the pro-Communist union has also said it rejects Peugeot's plans to introduce compulsory redundancies at Citroën of 2,000 to 3,000 people out of a total of 6,000 job cuts.

The pro-communist union, which was badly outmaneouvred by its rival socialist CFDT union during the recent Talbot conflict, appears to be seeking to restore its credibility among its rank and file in the car industry with its theatrical and well-orchestrated action at Citroën.

Beyond the Citroën restructuring, the unions face a whole series of other serious labour situations in the French motor industry with the state Renault car group and the private Michelin tyre company also recently announcing sizeable workforce reductions. Moreover, the unions have also been shaken by the left-wing Government's severe steel and coal industry restructuring programmes.

IG Metall strikes may shut German car plants

BY RUPERT CORNWELL IN BONN

WEST GERMAN metalworkers' first serious strikes bit deep yesterday. BMW, the leading car maker, announced that it would begin closing four key plants from Thursday because of the shortage of component parts.

BMW's reaction came only 12 hours after strikes by 13,000 members of the IG Metall engineering union began as planned at 14 component factories in the northern Baden-Württemberg region, around Stuttgart.

Shortly afterwards, the prospects of more widespread disruption increased with a decision by IG Metall to carry out similar strikes in the industrial state of Hesse around Frankfurt from next Monday, in support of its demand for a 35-hour working week.

Yesterday's stoppages began in the early hours of the morning, as the first shift workers reported to the carefully chosen plants, which included two of the Robert Bosch components group.

The immediate repercussions not only vindicate the union's proclaimed strategy of "pinpricks which will hurt," but seem to confirm fears that well-judged selective action by IG Metall could rapidly escalate into a level of disruption which has not been seen for many years in West Germany.

BMW, which last year lifted output 11 per cent to 421,000 units and is working to full capacity, said that initially only final assembly workers would be affected at the four plants in Munich, Dingolfing, Landshut and Berlin.

But, it warned, the longer the strike continued, the wider the effects would be felt. The lost production would hit its share of the market, and could jeopardise existing plans to create new jobs this year.

Spokesmen for other big West German motor groups, including Daimler-Benz and Opel, indicated last night that they will also be seriously hit by component shortages in a few days.

Both the union and the engineering employers yesterday professed themselves ready for fresh talks again, but the two sides still seem as far apart as ever on the basic issue of a 5-hour cut in the present 40-hour week.

Frankfurt share prices drop, Page 33

Creusot-Loire given time to plan rescue

BY DAVID HOUSEGO IN PARIS

CREUSOT-LOIRE, the French engineering group which has sought protection from its creditors, yesterday was granted a two-month debt moratorium under French bankruptcy law.

The formal decision, announced by the Paris tribunal of commerce, gives the group until July 13 to work out a rescue plan in collaboration with three legal officers and two experts named by the court. The tribunal asked that the plan be made available within a month.

Creusot-Loire applied for relief from its creditors on April 25 after the Government refused its request for a FFr 2 to 2.5bn ($294m) debt consolidation as a way of replenishing its exhausted capital. It was the first time that a French Government had declined to bail out such a major French company of international repute, which made the case an important test of the Government's industrial policy.

It is hoped that the judicial procedures will provide a fresh opportunity for talks with the Government and the banks in order to maintain the integrity of the company. Creusot-Loire, which depends on the state for about 40 per cent of its turnover, argues that it would be industrial folly to break up a group which forms a coherent entity.

Creusot-Loire last year made losses of FFr 1.8bn and this year expects a further deficit because of a downturn in the capital goods market.

Attacks on Gulf tankers bring increase in war risk premiums

BY RICHARD JOHNS IN LONDON

WAR RISK premiums on shipping to the Gulf were increased yesterday as Iraq continued to intensify its missile attacks on vessels lifting Iranian oil and as Iran apparently retaliated against Arab tanker traffic. Oil prices on the spot market also rose.

A second Kuwaiti-owned tanker, the Bahra, was hit yesterday by an unidentified aircraft outside the exclusion zone declared by Iraq only 30 hours after the Umm Casbah had suffered a similar fate.

Mr Abdel Fattah al Badr, chairman of the Kuwait Oil Tanker Company, said that the Bahra had been struck early yesterday afternoon by two rockets while it was en route for Kuwait to load a shipment of crude oil. One rocket had hit the starboard side, punching a 5.25 sqm hole in the ship; the other damaged the command room and officers' accommodation quarters.

A fire was brought quickly under control and only two members of the crew suffered "minor injuries."

There were fears also that the Raw al Zourer, a 28,000 dwt KOTC product tanker carrying a cargo of naphtha had been attacked on Sunday. But it was not confirmed as a casualty.

But at the Kuwaiti investigation into the 55,450-ton Umm Casbah, damaged in similar circumstances early on Sunday, speculation grew that Iran was using its depleted air force for selective strikes on Arab vessels.

Iraq denied responsibility for the attack on the Umm Casbah, but yesterday issued a communique saying its aircraft had hit "two large naval targets" south of the main Iranian oil terminal of Kharg Island.

In the area, the 69,489 dwt Tabriz, a ship belonging to National Iranian Tanker Company, and the 61,928 dwt Esperanza II, registered in Panama but believed to be Greek-owned, were reported to be on fire. The fate of the vessels, which are near where the Saudi-owned Al Ahood was hit last week, remained unclear.

Following four more attacks on shipping, the London hull war risk committee is understood to have decided upon a rise in the rate for ships bound for Iran's Kharg Island and Bushire terminals to 3 per cent from 2 per cent for seven-day voyages on the basis of 48 hour's notice.

For 14-day sailings within the Gulf to other destinations it has been doubled to 0.75 per cent. For cargo insurance in the war zone, which is negotiated for individual voyages, rates were reported yesterday to have edged up to 0.15 per cent, about twice as much as a week ago.

The escalation of the Gulf war was responsible for a continued strengthening of oil prices on the spot market. Traders reported a buyer-seller rate for Brent Blend of $29.45-$29.75 per barrel, up 15 cents on the level of last Friday.

CONTENTS

Bonn may have to drop tax amnesty Bill

BY RUPERT CORNWELL IN BONN

THE West German Government was last night being propelled towards ignominiously dropping its unloved scheme for a tax evasion amnesty on party political contributions—less than a fortnight after its initial announcement.

This became clear yesterday following the massive resistance to the draft amnesty Bill, scheduled to go before Parliament on May 24, within the ranks of the Free Democrats (FDP), the junior coalition partners.

So far nothing is official. Herr Helmut Kohl, the Chancellor, re-affirmed yesterday that he still backed the plan, while the FDP leadership, after a tense but inconclusive meeting on Sunday, is only due to take a final decision tomorrow.

But there appears little hope that Herr Hans Dietrich Genscher, the FDP leader and Foreign Minister, can resist pressure on him from the party's MPs and rank-and-file to make an embarrassing about-face.

Herr Genscher, whose personal prestige cannot but be damaged by the affair, is publicly maintaining his backing for the amnesty, agreed by the leadership of the three government parties—the Christian Democrats (CDU), the Christian Social Union (CSU) and the FDP—at the beginning of this month. But he let it be known yesterday that he was now taking a "realistic" view of the mood in his party. It was up to its members to decide according to their consciences.

If, the FDP does break ranks, there would be scant chance of credible passage for the Bill. The public mood is unmistakeably against the idea, while the Social Democrat (SPD) opposition has warned that it would take the Bill, if passed, to the Constitutional Court.

It is also threatening to seek a provisional parliamentary order barring 17 MPs, who allegedly would stand to benefit from the amnesty, from voting in any debate.

Even leaving that possibility aside, the CDU/CSU union would still need at least a handful of FDP votes to secure the thinnest of parliamentary majorities.

Although a government spokesman last night would only say that the Bill's fate would depend on discussions within the coalition, the main aim now is to limit the damage. But that may not be easy. Herr Franz Josef Strauss, the CSU leader whose *bete noire* the FDP has long been, is already making capital out of this new proof of the party's "unreliability."

Meanwhile, Herr Genscher's ride at next months FDP congress in Muenster is likely to be rougher than ever. Although his position as leader is not at risk, he seems bound to face powerful criticism that his error of judgment over the amnesty has compounded the party's difficulties after a run of poor domestic election results and ahead of the European Parliament vote on June 17, when it will be fighting to clear the vital 5 per cent hurdle.

Most important of all, the amnesty row risks dealing a blow to the personal relationship between Herr Kohl and Herr Genscher which is crucial for the smooth functioning of the coalition.

The FDP rebellion comes only a week after the Chancellor, not entirely without difficulty, secured backing for the scheme from his own party congress in Stuttgart.

Fund aims to buy out ageing French bosses

BY DAVID MARSH IN PARIS

FRENCH COMPANY bosses are getting progressively older, more tired and more worried about the future. To try to inject more red blood corpuscles into the country's corporate arteries, a Government-backed scheme of finance was launched yesterday to enable elderly chairmen to move out of company hot seats earlier to make way for younger men.

The scheme is being put together by the Credit d'Equipment des Petites et Moyennes Entreprises (CEPME), the national financing body for small and medium companies. It intends especially to support corporate management buy-outs and provide other means for family-owned enterprises to survive the often traumatic shock of the retirement or death of a founding chairman.

France's estimated 22,000 small and medium industrial companies (with between 10 and 499 employees) form the traditional backbone of France's corporate sector. But roughly half their chairmen are aged over 50—and are less growth-oriented and more cautious about stepping up investments and borrowing than younger bosses, according to a CEPME survey.

With about three-quarters of France's small and medium businesses family-owned, the CEPME says the "generation crisis" in the boardroom can lead to economic damage on a national scale if chairmen find insufficient or unsuitable heirs to take over their business. About 10 per cent of French corporate bankruptcies are reckoned to be caused by transition difficulties after the *patron* dies, retires or changes job.

The scheme aims to channel around FFr 400m (£34m) a year in a mixture of subsidised loans and equity injections into companies facing problems of succession. The funds will allow around 300 or 400 problem cases to be treated in a full year, according to M Pierre Sarrazin, the CEPME official who will become chairman of a new financing subsidiary called Avenir Enterprises.

The venture comes just six weeks after M Jacques Delors, the Finance Minister, presented a range of government proposals for tax concessions and other financial help to boost risk capital ventures, management buyouts and business start-ups in France.

Thomson agrees DBS norm with Philips

BY PAUL BETTS IN PARIS

THOMSON, the French nationalised electronics group, and Philips, the Dutch electronics multinational, have agreed to work on a common standard for direct broadcasting by satellite.

The two companies, the two largest manufacturers of television sets in Europe, said yesterday it was of "utmost importance" to develop a common European standard for DBS.

The standard they are proposing is called the D2-MAC-Paquets system. By adopting a variation of the European Broadcasting Union's MAC standard for direct broadcasting by satellite, Thomson appears to suggest that France has finally decided to step into line with other European countries.

France has expressed reservations about the MAC norm and has supported a multistandard system involving the existing SECAM and PAL standards in Europe.

The Thomson/Philips standard appears to be a downgraded version of the existing MAC system but which will enable direct broadcasting of sound and images into a cable television network without a special sound decoder. The existing MAC system requires a decoder

The agreement comes a few days before an informal meeting, of EEC industry ministers here on Friday when the problem of developing common standards for the European telecommunications industry will be high on the agenda.

Indeed, French telecommunications industry officials expect the meeting to make progress on defining a common standard for telecommunications terminal equipment. The discussions are also expected to touch on plans to connect large European cities with optical fibre systems and to advance attempts to open up national telecommunications markets to competition within the EEC.

French officials have also expressed growing optimism about possible bilateral collaboration in the telecommunications industry with Britain

Weather threat to Ireland's milk production

By Brendan Keenan in Dublin

IRISH FARMERS are praying for an end to the fine weather to help them exploit the country's hard-won increase in its milk quota this year. Ireland gained approval from the EEC to increase production by 4.5 per cent this year only after Prime Minister Garret FitzGerald walked out of the Community summit last March.

Most Irish milk is produced from grass in the summer months. In fact, the relatively unsophisticated nature of the industry was one of the arguments advanced for Ireland's special treatment. Weather conditions can make a difference of several percentage points to annual production.

The sunshine has been a bonus so far, with production up 5 per cent on last year. But farmers are anxious because continued dry weather into June could reduce grass growth, and begin to cause problems. A shortfall in summer production would mean expensive winter feeding to meet the quota.

It is vital for the Irish to meet the target because they hope to be allowed further increases until their production reaches average EEC levels.

Ban on two rheumatism drugs sought

By Carla Rapoport

EUROPE'S consumers' organisations have called for a Community-wide ban on two rheumatism drugs which are alleged to cause serious side-effects.

At the same time, the developer and main manufacturer of the drugs, Ciba-Geigy, has made an unprecedented attack against the international consumer movement, claiming that it aims to "overturn the social structure" of Europe.

The Brussels-based European Bureau of Consumers' Unions has written to Mr Karl-Heinz Narjes, European Commissioner in charge of Consumer Affairs, asking him to forbid the use of anti-rheumatism drugs, phenylbutazone and oxyphenbutazone.

Britain's Committee on Safety of Medicine recommended in March that oxyphenbutazone be banned in the UK and that the second drug be placed under severe restrictions.

Ciba-Geigy has since said that it will contest the recommendation. The drugs are best known under their trade names Butazolidin and Tanderil. They have been in use since the 1960s.

Dr Louis von Planta, Ciba-Geigy's chairman, took the unusual step of speaking out against consumer organisations at the company's annual meeting in Basle recently.

Although not mentioning the latest moves against Ciba's rheumatism drugs, Dr Planta said: "The tactics of pressure groups are to use one-sided or even falsified presentations of concrete incidents or facts as a means of discrediting the multinational corporations and diminishing their credibility."

He specifically criticised international organisations concerned with consumer protection, the environment, and the Third World.

"Factual discussion with such groups is scarcely possible, since their criticism is often only a means to their political ends and factual discussion is the last thing they are interested in," claimed Dr Planta. The recent campaign against Ciba-Geigy's rheumatism drugs was launched by consumer groups in the U.S. and UK.

EEC will consider joint action against terrorism

BY JOHN WYLES IN BRUSSELS

BRITAIN YESTERDAY persuaded its EEC partners to consider joint action against international terrorism following last month's shootings in London outside the Libyan Peoples' Bureau.

The initiative at a meeting of Community foreign ministers will be followed by an attempt to mobilise firmer action against state-sponsored terrorism at the world economic summit in London on June 7-9.

But it was not clear yesterday how much support there is in the EEC for combined action. Preliminary exchanges at official level have revealed marked reluctance in other Community capitals to consider revising the Vienna Convention which governs the status and privileges of diplomats.

Sir Geoffrey Howe, Britain's Foreign Secretary, said that his colleagues recognised that the terrorist problem "will not go away." While part of the remedy lay in national measures, "it does call for wider consideration." EEC governments owed it to their peoples to seek ways of checking terrorism.

Yesterday's meeting was one of the first for several months at which the issue of curbing Britain's payments to the EEC budget did not feature. Sir Geoffrey confirmed afterwards that the final solution would next be sought at the EEC summit at Fontainebleau on June 25-26.

Bilateral meetings between governments will continue to hammer away at the remaining controversial and difficult details. However, the imminence of the European elections from June 15-17 has persuaded all governments that the political pitfalls are too great to grapple again with the problem beforehand.

Ministers did give a reserved, and in some cases very critical, reaction to the Commission's proposals to raise an Ecu 2.33bn (£1.35bn) loan from member governments to cover this year's unprecedented budget deficit. They agreed to look for further economies in this year's expenditure before taking any final decision.

Interbank clearing system for Ecu deposits proposed

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE LAUNCH of an interbank clearing system for deposits in Ecus, the Community's currency basket, has moved closer with agreement on a detailed proposal by an expert working party including bankers and EEC officials.

The working party has decided to forward its proposal to the Bank for International Settlements in Basle, which it hopes will act as a central clearing house for Ecu deposits.

A two-tier clearing system is envisaged in which banks with a heavy volume of Ecu business would have clearing accounts at the BIS. These banks would act as clearing banks for Ecu payments originating through smaller institutions.

The need for a clearing system has arisen because of the rapid growth of Ecu deposits in the commercial banking system which have been estimated as high as Ecu 10bn (£5.8bn) in total . A clearing system would smooth the future development of this market.

One part of the scheme would involve the transmission of payment orders by SWIFT, the international bank payment system, which would intercept payment orders and net them out for members of the clearing system.

The working party which, includes 18 commercial banks and representatives from Community institutions such as the European Investment Bank, as well as the EEC itself, has formed a five-man committee to handle further talks with the BIS.

Craxi holds firm despite P2 row

BY JAMES BUXTON IN TURIN

SIG Bettino Craxi, the Italian Prime Minister, told his Socialist Party congress yesterday that he was not going to be knocked off course by the row that blew up late last week over the secret P2 Masonic lodge.

A political storm that is still rumbling broke out when the Prime Minister rejected the proffered resignation of Sig Pietro Longo, the Budget Minister, and two colleagues.

The Minister was protesting against a draft parliamentary report that appeared to confirm that he had been a member of the P-2 lodge—something he has always denied.

Sig Craxi told the closing session of the Socialist Party congress in Verona that he had acted correctly with Sig Longo, in response to what was a protest over a leaked copy of the report.

But he said there were still many serious questions about the P-2 lodge and its activities that had to be properly answered.

The P2 lodge, a network of Italians in important positions to whom have been attributed many of Italy's major scandals, was discovered in 1981, causing the fall of the government of the day.

The Government is to make a statement to parliament on the issue of Sig Craxi's handling of the resignation offer by Sig Longo today. But it hopes to keep the issue at bay until the parliamentary commission investigating the lodge presents its final report, which it is due to do in mid-July.

Despite the solidity of support for Sig Craxi, demonstrated by the party congress, which unanimously re-elected him leader, the Government could face a difficult few weeks leading up to the next major event in the Italian political calendar, the European elections on June 17.

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John Wyles explains why curbing farm spending will please only certain EEC members

For some, happiness may add to misery

IF THE British, Dutch and West German governments have their way, the EEC will wrap a corset around the Common Agricultural Policy this year to curb its immodest appetite for money. As financial zealots, they believe that once the Ten have legally ordained that the annual growth in farm spending must be kept at a certain level, then the CAP can be brought to heel.

While sceptical about the practicality of such a move, other member states did agree to a form of words at the March EEC summit which appears to hold out the chance of keeping the annual growth of the CAP budget below the annual rise in the Community's budget income. In 1985, this will be less than 4 per cent.

If this can be done it may all end in a neat Micawberesque "result: happiness." But the events of the past few months have strengthened doubts about whether true financial discipline can be brought to the CAP, despite the genuine advances made in the reform package agreed later in March, after the summit.

Much of the scepticism derives from the European Commission's proposal just before Easter to raise a loan of 2.33bn European Currency Units from member governments to balance the Community budget this year. A 2bn Ecu deficit is likely in 1985, so the Commission is likely to have to pass the hat around again next year.

Scrutiny

These deficits are bound to strengthen the scrutiny several national parliaments will give to the other fund-raising proposal which will eventually be made—to raise the 1 per cent VAT ceiling on the EEC's budget income.

The Community will need the extra income badly from January 1986 but before national parlaments agree, some will want to be convinced that EEC spending is under firm control.

Whole Community expenditure is no more out of control than that of national governments, there is concern that new resources will still be consumed by even a partially reformed CAP or a European Parliament desperate to demonstrate political appeal.

For there is no entity in the EEC with the clout of a national Treasury department capable of curbing the costs of "trade offs" between agriculture ministers pursuing a price settlement.

Around 45 per cent of the EEC budget income comes from customs duties and agricultural levies collected by member states. The balance is drawn from up to 1 per cent of the value of a common basket of retail sales.

The Commission's apparent inability over the past eight years accurately to forecast the level of farm spending has not helped either. This is not necessarily the Commission's fault. Its estimates are prepared 12 months in advance of the farm year and are constantly upset by many factors which influence production and price levels.

When it made its loan proposal, for instance, the Commission revealed that farm spending this year will be 2.13bn Ecu higher than the 16.5bn Ecu allocated in the original farm budget.

Until the reform package was agreed the Commission had maintained that spending could be kept within the budget figure if its proposals were adopted. The Farm Ministers added 17m Ecu to the bill, rather than endorsing the savings the Commission wanted, but even if they had backed the Commission's blueprint, the CAP would still not have come in under budget.

Euphemism

"Developments in the short-term economic situation," a euphemism for mistakes in forecasting, are blamed. Milk products, beef, veal and sheepmeat are going to cost 1.35bn Ecu more than budgeted, while wine, olive oil, fruit and vegetables will soak up an additional 625m Ecu. Providentially, cereals, seeds and cotton will need 865m Ecu less than envisaged.

In future, dairy spending may be more predictable because of the quota system and the limiting of the open-ended price guarantee to some other products should also help. But few experts are yet ready to claim that the CAP has been sufficiently altered to guarantee a limit on spending growth—even one as feasible a limit as agreed in March, which would be applied as an average over three years.

It is clear that political realities can undermine the best intentions. With only Britain and West Germany paying more to the EEC than they get back, the majority of member states have an interest in higher EEC expenditure. The result is that the 1 per cent VAT limit on contributions and, by extension, expenditure, has not proved to be a limit at all.

This is an important reason behind Britain's search for permanent limits on its budget payments. The calculation in London is that if other governments have to carry more of the burden of Community spending, they will be more anxious to control the total volume and the balance between agriculture and other policies.

If they will not accept this burden, then Mrs Thatcher is determined to keep them waiting for an increase in the 1 per cent limit and for agreement on a loan to balance the budget in 1984.

Planinc reshuffles Yugoslav cabinet

By Aleksandar Lebl in Belgrade

OLD FACES reappear in new jobs, as Yugoslavia today gets another collective presidency and a reshuffled federal Government under the complex system designed to rotate leaders and balance regional interests.

Mr Veselin Djuranovic, Prime Minister until 1982, becomes the most senior of the eight members of the collective presidency, one from each of the eight republics and provinces.

His selection was the constitutional right of his native republic of Montenegro alone, but it immediately drew some political criticism from the most financially solvent republic, Slovenia, on the ground that Yugoslav foreign debt had doubled under Mr Djuranovic.

However, Slovenia's sensitivities have been recognised by the fact that Prime Minister Milka Planinc, in her mid-term cabinet changes has made the Slovene premier, Mr Janez Zemljaric, Vice-Premier in charge of day-to-day economic planning in the federal Government.

Mrs Planinc's two-year record in office came in for some criticism this week in Parliament. The main complaint was that she had moved too slowly to implement the stabilisation programme agreed with the support of the International Monetary Fund a year ago.

But the problem for Mrs Planinc, as for her predecessor Mr Djuranovic, is simply the power of individual republics to frustrate federal government actions.

Addressing Parliament yesterday, Mrs Planinc expressed the hope that by 1986 Yugoslavia might be able to return to normal financial relations with its Western creditors.

Senior Polish official to brief Pope on government policies

BY CHRISTOPHER BOBINSKI IN WARSAW

THE FOCUS of Polish Church-State relations this week moves to Rome as Roman Catholic efforts to secure the release of the country's 400 or so political prisoners ground to a halt at the weekend.

Visits to the Vatican are planned by senior Polish churchmen, while Mr Henryk Jablonski, the chairman of the Council of State, a collective presidency, is due to meet the Pope.

While churchmen yesterday had still not given up hope that an agreement might be reached, the refusal at the weekend by 11 of the most prominent prisoners to promise to desist from political activity for two and a half years, as the authorities are demanding, left little prospect of success.

Archbishop Bronislaw Dabrowski, a key figure in the talks on the prisoners, flew to Rome yesterday to brief the Pope on the situation. Cardinal Jozef Glemp, the Polish Primate who flew to Paris is due to Rome at the end of the week.

Mr Jablonski is leaving for Italy on Thursday, in his capacity as head of the official war veterans' association, for celebrations at Monte Cassino, the site of fierce fighting involving Polish troops during the Second World War.

While in Italy he is expected to have a private meeting with Sig Sandro Pertini, the Italian President, which would represent a dent in the Western ban on top level contacts with the Polish authorities.

Mr Jablonski's meeting with the Pope will be the first opportunity that General Wojciech Jaruzelski's government will have had to put its point of view since the papal visit to Poland last summer.

It is assumed that Mr Jablonski will want to outline future government policies, and the issue of the prisoners is more than likely to come up.

Current account deficit doubles in Denmark

BY HILARY BARNES IN COPENHAGEN

DENMARK'S non-Socialist minority Government is achieving some success in its campaign to curb the growth of the public sector borrowing requirement, according to revised official statistics. It has not been so successful, however, in bringing the current account deficit on the balance of payments under control.

The first quarter deficit more than doubled from DKr 2.48bn (£177m) last year to Kr 5.8bn. The fourth quarter deficit last year was DKr 1.8bn and for the whole year DKr 10.8bn.

The worsening of the first quarter deficit was caused by a DKr 2.5bn deterioration in the trade balance and an increase of DKr 1bn in net interest payments on the foreign debt, which at the end of last year equalled 36 per cent of the gross domestic product at DKr 1.85bn.

Mr Anders Andersen, the Economy Minister, remained unperturbed by the first quarter figures and stood by the Government's forecast of a deficit for the year of about DKr 12bn (£857m).

The increase in the external deficit reflects sharply rising domestic demand, especially building investment, investment in capital goods and inventory building. Imports in the first quarter increased by 19.9 per cent against a year earlier, while exports increased by 12 per cent.

Manufacturing industry deliveries, meanwhile, increased by 10 per cent in volume and new orders by 21 per cent, in current prices.

Figures from the Bureau of Statistics indicate that the consolidated PSBR declined last year for the first time since 1978, from DKr 48bn in 1982 to DKr 40bn, or from 10.2 per cent to 7.7 per cent of GDP.

The improvement was the result of a reduction in the growth of expenditure (excluding interest payments) from 15.5 per cent in 1982 to 7.6 per cent last year; revenue increased by 15.6 per cent.

Finland seeks to slow economy

BY KEVIN DONE, NORDIC CORRESPONDENT IN HELSINKI

FINLAND IS tightening its economic policy with a mini-budget package aimed at restraining the fast pace of economic growth this year as part of the fight against inflation.

The economy is expanding more quickly than expected, helped by booming demand for Finnish products from Western markets, and the latest forecasts had suggested that gross national product could expand by at least 5 per cent in 1984, one of the highest growth rates of any of the industrialised countries.

The Government is seeking to ensure a more even pattern of growth to break the traditional Finnish cycle of rapid growth followed by high inflation and a rapid loss of competitiveness.

In a series of measures—some temporary—it is both cutting planned state expenditure by FM 700m (£87.5m) to the end of 1985 and increasing certain taxes and charges by FM 800m over the same period. The aim is to bring inflation down to 6 per cent by the end of the year.

Finnish economic policy was strongly expansionary in 1982, as the Government acted to stimulate the economy and hold back the rise in unemployment. With the recovery now firmly under way, it has been adopting increasingly restrictive policies.

Despite the deflationary impact of fiscal policy—expected to be the equivalent of a fall of 0.9 per cent in GDP this year—the economy is still expected to grow overall by more than 4 per cent this year.

Over the longer-term, the Government is aiming for an annual growth rate of 3 per cent.

Tax raising measures include increases in electricity and some other energy taxes from July 1, a 0.5 per cent increase in the social security premium paid by the employers, and a 0.5 per cent increase in health insurance charges.

The Government is keen to strengthen the state's finances in 1984 and 1985, both years when the economy is expected to grow strongly, so that fiscal policies can again be used to bolster production and employment when the next recession begins.

Soviet industrial output up 4.9%, but oil lags behind

MOSCOW — Soviet industrial production in the first four months of this year was 4.9 per cent up on the same period last year, but oil output was below plan levels, the Communist party daily newspaper, Pravda, reported yesterday.

Labour productivity rose by 4.6 per cent during the same period.

The newspaper gave no figures for oil production, but other reports have made clear that it has fallen below plan targets every month since September and blamed increasing difficulties in extracting oil from Western Siberian fields.

Pravda also reported that production of mineral fertiliser was below targets, a shortcoming that could have a serious effect on the size and quality of this year's grain harvest.

Covering agricultural performance during the first four months of the year, Pravda said sales of meat from state farms were up by 8 per cent and sales of milk by 6 per cent compared with the January-May period in 1983.

Reuter.

Blast sinks Spanish navy vessel

By Tom Burns in Madrid

A SPANISH navy patrol boat was sunk early yesterday in the Bidasoa river that forms the frontier with France by an explosive device believed to have been planted by members of the ETA, the Basque separatist organisation. A navy rating on guard duty was killed by the blast.

The vessel, a 30-foot-long fast patrol boat stationed in the port of Fuenterrabia, was sunk reportedly by a mine attached to its hull below the waterline. Among the vessel's missions was preventing the entry of Eta members and arms from France into Spain.

The timing of the attack suggested that it could have been in response to long jail sentences handed down last week by a court martial on eight Eta members who took part in an assault on a military barracks in 1980.

Police also speculated that the blast could have been a revenge for the shooting by police of four members of the Eta splinter group, anti-capitalist autonomous commandos, in March when they were entering the nearby harbour of Pasajes in a rubber dinghy late at night.

Four years ago, Eta claimed responsibility for a below the waterline explosion that came close to sinking a 3,000 tonne Spanish destroyer docked in the port of Santander. A year later a remote-controlled small vessel packed with explosives narrowly missed a patrol boat in the port of Pasajes.

Lisbon plans cabinet switch

By Diana Smith in Lisbon

PORTUGAL'S Socialist Prime Minister, Sr Mario Soares, and his Deputy Premier, Sr Carlos Mota Pinto, leader of the Social-Democrat Party, are preparing moderate changes in their year-old coalition cabinet.

After a marathon weekend meeting with Sr Soares, prominent Socialists repeated their support for the cabinet's tough austerity policies and for a reshuffle that could strengthen the executive.

The changes are not expected to affect the toughly-managed financial domain but rather ministries whose incumbents have had difficulty accepting belt-tightening guidelines, or which have not been well run.

Negotiations between coalition leaders are also expected to cover areas like labour laws and the financially-crippled sector

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AMERICAN NEWS

Reagan in campaign to rescue MX missiles

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT REAGAN yesterday began a high-pressure campaign to rescue his MX intercontinental missile from a determined attempt to block production funds in the Democrat-controlled House of Representatives. The controversial 10-warhead missile is regarded on Capitol Hill as the most vulnerable weapons system in the $291bn (£210m) Defence Appropriations Bill for fiscal 1985, on which debate is due to open in the House later this week.

Mr Reagan planned to use the next two days for intensive lobbying of House members by telephone and in personal meetings at the White House in a bid to save what he regards as a key element of his overall strategic modernisation programme, officials said yesterday.

The Administration, however, faced a dilemma over whether to continue to press for its full request of $3.1bn for a second batch of 40 missiles, and risk losing all production funds, or settle for a compromise. The House last year approved a first instalment of 21 missiles by a narrow 9-vote margin only after heavy pressure form the Administration.

Mr Tip O'Neill, the Democratic House speaker and a leading MX opponent, now believes that the House will vote down all new production funding for the missiles, including a proposal by the House Armed Services Committee that only 30 rather than 40 missiles be built next year.

Congressional backers of the MX have been trying to come up with a compromise by cutting the number to perhaps 15. Along with the Administration, they argue that to end production altogether would simply reward the Soviets for walking out of the Geneva Strategic Arms Negotiations (Start). Another compromise suggestion is that production funds only be released if Moscow continues to refuse to return to the negotiating table.

Bergsten pessimistic on London economic summit breakthrough

BY STEWART FLEMING IN WASHINGTON

THE LIKELIHOOD that the forthcoming economic summit in London would adopt measures to tackle the challenges posed by the international debt problem, growing protectionism and the misalignment of exchange rates was "virtually nil," Mr Fred Bergsten, director of the Institute for International Economics told U.S. Congressional committee yesterday.

In testimony to the joint economic committee he warned that the "debt bomb . . . continues to tick loudly," that the misalignment of exchange rates revealed structural shortcomings in the monetary system and that the erosion of the international trading system was continuing as a result of growing protectionism.

In addition, he said severe imbalances in world economic recovery, due largely to high U.S. budget deficits and interest rates, should be addressed at the summit.

He said that although the record of past economic summits was uneven, the possibility was there for such meetings to agree on co-operative responses to a set of problems.

The ingredients for a fairly extensive package could be there because of the growing awareness of the risks to the global economic system.

In some quarters however, there was genuine belief that all was well, that the U.S. was growing rapidly and that some of the problems could be much worse.

There was virtually no evidence that a package of initiatives to tackle world economic problems was being prepared, or even seriously contemplated.

Reports of unrest in the Guyana Defence Force

BY HUGH O'SHAUGHNESSY

UNREST IS reported from Georgetown among the Guyana Defence Force amid continuing criticisms of the Government's economic policy by opposition groups. Guyana's gross domestic product is expected to contract again this year after shrinking 10.6 per cent last year and 13 per cent in 1982.

Reports of unrest come in the wake of claims by Granma, the Cuban Communist Party daily, that the Reagan Administration is seeking to destabilise President Forbes Burnham and reports in banking circles that Washington is favouring Comrade Hamilton Green, the agriculture minister, as a replacement for President Burnham.

President Burnham expelled two U.S. diplomats last May after charging that they had been interfering in Guyana's internal affairs. The Reagan Administration vetoed a $10m loan from the Inter-American Development Bank to Guyana in August.

President Burnham has been in power for 18 years.

$350m order for aircraft

By Michael Donne, Aerospace Correspondent, in London

McDONNELL DOUGLAS of the U.S. has won an order worth over $350m for six commercial DC-10 tri-jet airliners from Federal Express, the Memphis-based company which specialises in the overnight delivery of parcels throughout the U.S.

The aircraft are all freighter versions of the DC-10. The significance of the order is that it enables McDonnell Douglas to resume production of commercial models of the DC-10, halted some time ago because of lack of orders.

WORLD TRADE NEWS

UK group wins £60m Singapore cable order

Financial Times Reporter

BICC, THE British cable and contracting group, has won a £60m contract to supply supertension cables to the Public Utilities Board of Singapore.

The cables are for transmitting electric power generated at the power station being built on the island of Pulau Seraya, off the south coast of Singapore.

BICC beat several Japanese and European bidders for the contract, which covers the 230 kv and 66 kv overland transmission links. It also includes power lines to run from Senoko power station in the north of Singapore. Contracts for lines from Pulau Seraya to the Singapore mainland have not yet been let.

A significant feature of BICC's bid was a package put together by Midland Bank and the Development Bank of Singapore to fix the rate of exchange for the 13-year period of an ECGD supported loan.

Manufacture of the cable will begin at BICC Supertension Cables in Kent in the last quarter of this year. Part of the cable will be made at Wrexham in Wales.

Mr Ron Hutson, general manager of BICC Supertension Cables, said the contract would provide about a fifth of the orders needed in the 1985-87 period. "It gives us a good base on which to build," he said.

BICC said this was the largest export contract ever won by one of its manufacturing subsidiaries. It is the second major contract won by a British company on the Pulau Seraya project. Last year, Northern Engineering Industries won a £70m contract to supply three 250 megawatt turbine generators.

French industries move to step up collaboration with U.S. companies. **David Marsh** explains

State enterprises pursue transatlantic ventures

STATE-CONTROLLED French enterprises are signing an increasing number of collaboration accords with high-technology U.S. companies to boost links with expanding American markets and gain access to U.S. technological advances.

The moves form part of a general bid by French companies to step up their trade and investment presence in the U.S. after years of lagging behind other European countries. But it runs counter to the Socialist Government's policy of trying to foster industrial co-operation within Europe, especially in fast-growing sectors like electronics and biotechnology.

State-owned groups have announced more than a dozen U.S. deals during the past few months. They involve equity participations in specialised American companies or collaboration in research and marketing in fields ranging from computers to agriculture and precision engineering.

The steps underline the more pragmatic line being taken by nationalised companies towards foreign collaboration, especially in deals which involve sharing U.S. or Japanese know-how.

Bull, the state computer group, for instance, says it is now emerging from the "ghetto" of refusing to rely on outsiders. The new policy is that "we will never do anything completely on our own," according to M Francis Lorentz, Bull's managing director.

Interest in the U.S. market is growing at both the Government and corporate level. France, which is traditionally well down the league of the main trading nations exporting to the U.S., boosted its American sales by 27 per cent last year, reducing its trade deficit with the U.S. to FFr 17bn from FFr 25bn in 1982.

France ranks eighth in foreign investment in the U.S., a long way behind Britain and the Netherlands but now French companies are seeking direct American acquisitions.

Recent American accords by state-controlled groups are spread over several different sectors:

Computers

Bull last month signed a technical and commercial co-operation agreement with Ridge Computers of California. It will acquire a 10 per cent stake in Ridge in exchange for taking the U.S. company's high-performance industrial and scientific computer into its product range.

Thomson, in electronics, has agreed collaboration with two other Californian computer groups, Fortune and Eagle, over microcomputers.

Computer services group Tecsi-Software, a subsidiary of CIT Alcatel, agreed in March to co-operate with Rank Xerox in developing and marketing artificial intelligence systems. This followed a previous agreement between the French nuclear company Framatome and Californian company Teknowledge.

Matra, the state-controlled defence and electronics group, has also agreed to joint development and sales with Datapoint of computer terminals for the French office automation market.

President Francois Mitterrand (left) ... said to be particularly impressed by his conversation with electronics entrepreneurs and venture capitalists in California's Silicon Valley during a tour of the U.S. in March

Telecommunications

CIT Alcatel's terminals subsidiary Telic has just taken a 20 per cent stake in Sonitrol, a Virginia-based manufacturer of remote control security equipment, to strengthen its specialised marketing base in the U.S. Telic and other French companies have also concluded a marketing agreement with Honeywell involving distribution of French videotex systems in the U.S.

Integrated circuits

Rhone-Poulenc, the chemicals group, has formed a joint venture with Siltec, based in Menlo Park, California, to manufacture in France silicon wafers used to make integrated circuits and other semiconductor products.

This enlarges on a string of existing agreements in semiconductors between France and high technology U.S. groups such as Motorola, Intel, Harris and GCA. Motorola and Intel microprocessors, for instance, are integral parts of CIT Alcatel's best-selling E10 digital telephone exchange, and a Motorola "chip" forms the basis of the "smart" electronic payment card which Bull is now attempting to commercialise in the U.S.

Biotechnology

Sanofi, the pharmaceuticals subsidiary of state oil group Elf Equitaine has just mounted a takeover bid for Wisconsin-based Dairyland Food Laboratories, which has a key position in applying bio-techniques in the milk sector.

Earlier this year, Rhone-Poulenc agreed a joint research venture with Seedtec, a subsidiary of U.S. vegetable oil group Kay Corporation, to launch into crop seed production using genetic engineering techniques.

Medical equipment

Thomson has announced joint research and marketing with California-based Diasonics to expand the French company's range of electronic diagnostic equipment.

Energy

Dalas-Weir, a subsidairy of Alsthom Atlantique which like CIT Alcatel is part of the nationalised CGE conglomerate, last month agreed joint marketing in the U.S. of specialised power station equipment with the U.S. company Combustion Engineering.

The state coal board CdF has also announced an agreement on solar energy collaboration with Chronar of the U.S. which will be building a plant in north-east France to make panels of photovoltaic systems.

Although all these accords combine different research and marketing benefits for the partners, the lion's share involve some transfer of American technology to France.

President Francois Mitterrand, who toured the U.S. at the end of March, was said to be particularly impressed by his conversations with electronics entrepreneurs and venture capitalists in California's Silicon Valley.

In a marked change of tone from earlier policies towards supporting French industry, officials at the Paris Industry Ministry now talk of importing American risk capital methods to provide jobs in hard-hit regions like the Lorraine steel belt in eastern France.

In spite of official injunctions to step up links with other European companies, France's nationalised industries now realise that collaboration with the U.S. is vital to efforts to catch up in the technology race.

Japanese to raise EEC photographic paper price

By Paul Cheeseright in Brussels

FUJI PHOTO Film and Konishiroku Photo Industry of Japan are to raise the prices of their colour photographic paper on the EEC market following an anti-dumping investigation by the European Commission.

The Commission announced yesterday that it had accepted price undertakings from the two companies which had been found to have dumping margins respectively of 68.2 and 51.6 per cent. The resale prices of their products in the EEC had been undercutting domestic producer prices by nearly 20 per cent, the Commission said.

The anti-dumping investigation followed a complaint by Agfa-Gevaert.

But two other Japanese companies, Mitsubishi Paper Mills and Oriental Photo, were found by the Commission not to be injuring European industry.

Agfa-Gevaert lost over 30 per cent of its market share between 1980 and 1983 as Japanese sales of the photographic paper rose from 17.5m to 40.9m square metres.

Fuji and Konishiroku, when told the results of the anti-dumping investigation, agreed to raise their prices to a level which would not cause injury to the EEC industry.

Swiss credit risk scheme in record deficit

By John Wicks in Zurich

THE Swiss Export Risk Guarantee Programme (ERG) last year showed a record deficit of SwFr 240m (£75m). This compares with a shortfall of SwFr 186.5m in 1982, when the Government had to make a first-ever contribution to the system of SwFr 109m.

A Ministry of Economic Affairs official indicated that the deficit should rise again this year, a probability which had already been aired by export interests. However, the Government does not intend to insist on a "fundamentally restrictive course" for the ERG.

● British exporters selling capital goods on credit denominated in U.S. dollars or Deutschemarks are being offered a general bank guarantee by the Export Credits Guarantee Department, our Trade Staff writes.

The ECGD said in London yesterday the guarantee would run in parallel with basic insurance cover expressed in the two currencies. Until now the ECGD had only been able to offer individual guarantees for each contract.

To begin with, the supplemental (foreign currency extended terms) guarantee will be available for contracts worth at least $250,000 or the DM equivalent. Cover in a wider range of currencies may be available later, the agency said.

Swedes clinch iron ore deal

LKAB, the state-owned Swedish iron-mining company, which has emerged from a long period of decline to post a small 1983 profit, has announced an SKr 3bn (£366m) contract to provide ore to Peine-Salzgitter of West Germany over the next five years, David Brown in Stockholm writes.

The contract for 2m tonnes of ore pellets is regarded as a significant advance for the company. It is now considering reopening a pelletising plant, which would expand capacity by 50 per cent.

The company still faces tense negotiations with the mining union on a 1984 pay contract. It is attempting to negotiate a productivity-related wage scale to which labour is bitterly opposed.

Egyptian arms sales

EGYPT'S military exports have levelled off to $500m a year after reaching a peak of $1bn in 1982, according to senior defence officials, Charles Richard reports from Cairo.

Sales of ammunition and spare parts to Iraq for Soviet-built equipment in the early stages of the Gulf war accounted for most of the $1bn.

Ozal seeks Mideast work for surplus manpower

BY MOHAMMED AFTAB IN ISLAMABAD

PRIME MINISTER Turgut Ozal of Turkey said here yesterday that his country was keen to fill Middle East demand for both goods and manpower.

"There is an Islamic saying that if one door is closed, Allah opens another," he said when asked what would be the effect of return of Turkish workers from West Germany, which could grow rapidly in future. Over the years these "guest" workers have been a significant source of foreign exchange earnings for Turkey.

Mr Ozal, told a news conference at the end of his four-day official visit to Pakistan that "the immediate problem of workers returning from West Germany is not very serious," although many will come back.

He said Turkey was beginning to get construction contracts in the oil-rich Middle East, which could absorb some manpower from his country. "We have considerable potential in construction and other fields in the Middle East," he said. He particularly mentioned construction work by Turkish companies in Saudi Arabia, Libya, and Iraq, and said Iran offered a new possibility, after his visit to Tehran last week.

Mr Ozal said Turkey's exports to Middle East countries had expanded ten-fold, from $300m in the early 1970s to $3bn by 1982. Turkish imports from the Middle East now also stand at $3bn.

He said Turkey was pinning much hope on expanding its business with Pakistan.

He has offered a $50m revolving credit to the Pakistan Government to finance imports from Turkey of industrial goods and equipment. Terms for the credit have yet to be negotiated.

A group of Turkish businessmen who accompanied the Prime Minister agreed imports from Pakistani suppliers worth $10m, Mr Ozal disclosed. The items include, urea, cotton yarn and grey cloth.

He offered to supply Pakistan a wide range of Turkish products including tractors and components, automotive components, parts for ships, petrochemical plant, and basic pharmaceuticals.

F-16 offset accord signed

BY DAVID BARCHARD IN ANKARA

GENERAL DYNAMICS of the U.S. and Turkey's state aircraft corporation, Tusas, have signed a $150m offset agreement over ten years, under which aeroplane spare parts will be manufactured by a joint venture in Turkey and exported by General Dynamics.

The agreement, which was signed at the weekend, is the first step towards establishing offset agreements worth $1.5bn as part of the financing of the $4.2bn project to manufacture F-16 jet fighters in Turkey.

Tusas and General Dynamics recently set up a joint venture with an initial capitalisation of Turkish Lira 250m ($750,000) for the co-production of the fighter aircraft. The first Turkish-produced jet is expected to be ready in 1988 according to a recent statement by the Turkish defence minister.

The deal is a pet project of Turkey's military which have long dreamed of an indigenous aviation industry. Several members of Mr Ozal's new civilian government are thought to have their reservations about the worth of the project but these have not been allowed public expression.

Some 152 jets will be built under the agreement at a plant near Ankara.

John Elliott in Chandigarh sees a shadow cast on the industrial future of the Punjab

Sectarian threat to Indian hi-tech projects

THE good news for Indian industry is that the country's first microchip factory is now entering production. The bad news is that the factory is in Chandigarh, the city on the edge of the Punjab which is now a focal point for the demands of Sikh activists for more provincial autonomy.

The factory, wholly owned by the Indian Government, has been established in an area where foreign electronics companies such as Rockwell of the U.S., Hitachi of Japan and Philips of the Netherlands are also setting up. The projects illustrate the Punjab's potentially bright industrial future, which Sikh violence may now put at risk.

The $50m factory, called the Semi-Conductor Complex, consists of two clean elegant low buildings separated by elegant fountains which also serve as an air conditioning plant.

The factory is controversial because it is being developed in anticipation of a substantial demand for microchips which does not yet exist in India. The Government hopes the factory will stimulate demand and encourage the development of indigenous electronics manufacturing.

The first totally home-produced chip was turned out in March, using process technology from American Micro Systems (AMI) of California. AMI is also helping to develop pulse diallers and other telecommunications devices.

The Government's policy is to bring in products and processes from abroad initially to plug gaps at home. Then it is intended to use Indian expertise and foreign know-how to design and manufacture the next generation in India.

A formal agreement has just been signed with Rockwell to transfer technology on micro processors and peripherals. Production is to start in July. About 50,000 unpackaged chips have also been bought from STC of the UK, Eurosil of West Germany and Hitachi for general circuit boards and for clocks and watches. STC is likely to be a contender for a collaboration contract to develop a new generation of 64 K ram chips.

The factory also plans to develop a desk-top computer and a small calculator and may become involved in computers for schools. It sold $4m worth of packaged and assembled components in 1983-84, its first year, and is aiming for sales of $11m this year. It hopes to break even with between $30m and $35m of sales in two years' time and to become fully operational with $50m sales in four years.

Many of the other projects in Chandigarh are partnerships between private sector companies and the Punjab state Government—what is known as the joint sector in India. They show how the Punjab has successfully grappled with the problem of how to get the public sector to act as a catalyst to spur new private sector projects. The state Government takes a stake of as much as 10 to 26 per cent at the start of a project, and then dis-invests when businesses are operating successfully.

Traditionally, industry in the Punjab is owned by the Hindus, who are now under attack in some areas of the Punjab by Sikh extremists but now Sikhs living abroad are starting to invest in the local high technology assembly projects.

The Agra Group of Dubai, owned by Sikhs who left the Punjab 25 years ago, is putting up 40 per cent of the equity in a $50m project to produce India's first colour television tubes. The Punjab State Industrial Development Corporation has 11 per cent and publicly floated shares 39 per cent in the company, Punjab Display Devices.

The Agra Group is also putting up 40 per cent of the equity in a $22m company in a project to produce magnetic tapes for computers and video tape recorders.

Mr P. Singh Sidhu, a Sikh farmer's son who has electronics companies in the U.S., has set up one of only a handful of companies in Chandigarh which produce only for export. Using materials imported from the U.S., it assembles magnetic heads for floppy disc drives at a price and quality which the Sidhu family says beats U.S. standards and almost equals the Japanese.

The disinvestment policy can be seen in action in the business of the Hindu Anand family, who have a battery-making collaboration with Toshiba of Japan. The family recently bought out a 26 per cent stake owned by one of the Punjab industrial corporations. Now it is setting up a $48m joint venture with Philips and the Punjab Government to produce light bulbs.

When the French architect Le Corbusier set out to create a new type of environment in Chandigarh 30 years ago, he provided two legacies for this garden city. One is a cluster of large, gaunt concrete buildings which house the Punjab Administration. The other, more pleasing, is the city's grid pattern of wide roads, which have a spaciousness that contrasts with the crowded bustle of most Indian towns.

About 100 miles south of Simla the summer colonial refuge at the foot of the Himalayas, Chandigarh's location and atmosphere have been one of the factors that have built investment, the Government believes. It hopes that a garden city will become India's first Silicon Valley.

A MEMBER of India's security forces was killed and 10 people injured yesterday in shootings and riots in the northern Indian states of Punjab and Haryana, according to the Press Trust of India.

Reuter reports that the agency said a member of a local home guard unit was shot dead and two people, including a policeman, were seriously injured when extremists attacked a rail station near the Sikh holy city of Amritsar in Punjab.

Eight people were injured in rioting in neighbouring Haryana. The rioters were protesting at the murder of a Hindu newspaper editor in Punjab on Saturday.

A 32-hour curfew was imposed in Amritsar on Sunday night as a precaution against a strike planned for yesterday in the two states and adjacent Himachal Pradesh to protest at the weekend murder.

● Sri Lankan separatists yesterday ordered guerrillas to free a kidnapped U.S. couple whom they had threatened to kill, the Indian news agency reported. According to Reuter it said, the release had been ordered of Mr and Mrs Stanley Allen, who had been abducted in northern Sri Lanka last Thursday.

West Bank Rabbi arrested

By Lynne Richardson in Tel Aviv

RABBI MOISHE LEVINGER, the spiritual leader of the Israeli settlers on the occupied West Bank, has been arrested by police investigating the Jewish terrorist underground, which recently tried to blow up a number of Arab buses in Jerusalem.

His arrest came as an additional shock to the settlers, who had appeared recently virtually immune from police investigating alleged acts of vandalism or terrorism against the local Palestinian population.

Rabbi Levinger is the most prominent of the West Bank settlers arrested so far. He forced the Government to allow him to establish a Jewish settlement beside Hebron less than a year after the West Bank was captured from Jordan in 1967. He is a founder of the Gush Emunim settlement movement and has close ties with many leading politicians. His son-in-law is among the two dozen or so Gush Emunim members who have been arrested by the police so far.

Police questioned the rabbi a number of times before arresting him on suspicion of knowing in advance about some of the Jewish terrorist acts carried out against the Palestinians and of having given his spiritual approval for the acts.

Rabbi Levinger said after the recent spate of arrests that he understood the motivations of the terrorists

Early returns point to strong showing by Marcos opponents

BY CHRIS SHERWELL AND EMILIA TAGAZA IN MANILA

EARLY unofficial returns in yesterday's parliamentary elections in the Philippines pointed to an unexpectedly strong performance by opposition parties, notably in the Manila area but a probable overall majority for the ruling party of President Ferdinand Marcos.

Turnout in the capital city area has reached 80-90 per cent, and while much of the polling appeared orderly, there were complaints of some irregularities: fictitious voters, ballot thefts, intimidation and removable indelible ink.

Last night's "quick count" in the 183 seats being contested was organised by the National Movement for Free Elections (Namfrel), an independent citizens' watchdog group set up two months ago. The early trends were based on an unofficial count

Official results from the Commission on Elections are not likely before tomorrow, and fears were expressed last night that, even if the first unofficial returns are genuinely indicative, the final result could well be different.

Mrs Teresa Nieva, Namfrel's secretary-general, said yesterday that to judge by the number of complaints the movement's volunteers had been "very vigilant." In some places, Namfrel workers claimed they had been denied access to polling centres and had been threatened by local officials.

Before polling started yesterday, President Marcos forecast a "clean sweep" of Metro-Manila's 21 seats for his ruling Kilusang Bagong Lipunan (New Society Movement).

But the returns suggested as many as half of these could go to opposition candidates, while elsewhere, the opposition parties appear to have won more support than expected.

Before the election, the opposition's most optimistic projection foreshadowed wins in 60 seats, but this was heavily discounted by most analysts.

Mr Agapito's "Butz" Aquino, who helped organise a movement to boycott the elections, said last night that he genuinely hoped the opposition would win.

Nigerian anti-corruption trial starts in secret

BY QUENTIN PEEL IN LAGOS

NIGERIA'S military Government yesterday launched its first anti-corruption trial in secret, in the face of a last-ditch effort by three former state governors to have their case postponed.

Brigadier Paul Omu, chairman of the special military tribunal, charged with trying politicians and officials of the former civilian government for corruption and "economic sabotage," made an opening statement in public before continuing the proceedings in camera.

More than 500 people are being held in detention in Lagos and the 19 states of the federation under a decree to recover public property, including former President Shehu Shagari and his Vice-President, Dr Alex Ekwueme.

The only indication of who was to be tried first came in the Lagos High Court, where three former state governors of the opposition Unity Party of Nigeria (UPN) won leave to seek an injunction prohibiting the tribunal from hearing their case.

Permission was given to Chief Olabisi Onabanjo, former governor of Ogun state, Chief Bola Ige, former governor of Oyo state and Chief Michael Ajasin, of Ondo state, to press their case at an emergency sitting on Thursday. However, the court declined to halt the proceedings of the special tribunal in the meantime.

The ex-governors said in their submission that they had been charged with corruptly obtaining a contribution of N2.8m (£2.6m) from the Nigerian subsidiary of the French construction company Bouygues, for the UPN. Both the governors and the company deny the charge.

Namibian conference ends inconclusively

BY MICHAEL HOLMAN IN LUSAKA

SENIOR OFFICIALS of the Namibia settlement conference that ended on Sunday night said yesterday that delegates from the territory's political parties had been close to agreement on a draft declaration urging the implementation of the UN settlement plan for Namibia.

The conference ended inconclusively without the expected commitment to further talks.

Officials said the breakdown was a result of renewed differences in the final hours over references to South Africa's demand for the withdrawal of Cuban troops from Angola, the timing and nature of a ceasefire in the guerrilla war being waged by the South-west Africa Peoples' Organisation (Swapo), and over the status of so-called internal parties in Namibia.

"The conference bit off a bit more than it could chew," said an African diplomat who has been closely following the talks. "A broad agreement on the demand for independence was within reach, and that came almost too easily. When the conference decided to more beyond that, the complications set in."

Conference officials yesterday expressed the belief that negotiations would continue, albeit at a lower level.

The administrator general of Namibia, Dr Willie van Niekerk, was expected to report back to Mr P. W. Botha, the South African Prime Minister, yesterday, while President Kenneth Kaunda of Zambia briefed his cabinet. The two men co-chaired the meeting.

Officials said that further impetus for progress should come later this month, when the disengagement of South African troops from southern Angola is expected to be completed.

● The outlawed African National Congress claimed responsibility for Sunday night's attack on an oil depot in Durban.

It said two separate guerrilla units sabotaged offices of the Department of Internal Affairs and the railway police in Durban, and also attacked the Mobil oil installation in the city.

The after-tax profit for the year was £16.79M, an increase of 24 per cent

In the Report and Accounts for the year 1983 the Chairman, Mr. R. E. Holland, states:

On this first occasion on which I am reporting to you as Chairman, I am pleased to be able to record that after-tax profit has increased by 24.0 per cent, being £16.79 million for the year against £13.53 million for 1982. The recommended final dividend of 21p makes a total for the year of 33p, at a cost of £11.88 million.

Transfers from the long-term funds have increased by 29.3 per cent. This wholly exceptional increase, which is not likely to be repeated in another year, is mainly as a consequence of the very considerable improvement which we have been able to make in the terminal bonus granted to our life assurance policyholders following a reassessment of our policy in this respect. We believe that the rates we have now declared—double those for last year in the main classes of policies in the ordinary branch and 60 per cent higher in the industrial branch—more closely reflect the underlying strength of our funds. Whilst, by its nature, terminal bonus is intended to fluctuate, upwards or downwards, with the capital growth of our investments, if such growth were to continue in the future at the same rate as in the past we should be able to maintain these rates. At the same time we have also been able to make modest increases in reversionary bonuses in both life branches this year, but again it is unlikely that large increases in these bonuses will be possible in future. All in all, therefore, it must be expected that the future transfer to profit from the life branches—which is essentially a proportion of the cost of bonuses to policyholders—will more closely reflect the increase in our life business and will not grow as sharply as it has done this year and last year.

SATISFACTORY GROWTH

New life business in both branches has grown at a very satisfactory rate. In the ordinary branch a big contribution came from the introduction of mortgage interest relief at source (MIRAS) which gave us the opportunity to sell a large amount of low-cost endowment assurance business which would not otherwise have been available. However, all other types of business expanded also, in both the ordinary and industrial branches. This owes a great deal to the energy and ability of our staff in the field and the support given by staff at chief office. We consider that the Company Development Plan, and in particular the introduction of new grades of marketing officials and the new methods of planning performance objectives with the staff, has made a substantial contribution. We benefit from having a better trained and better motivated staff than we had in the past.

The premium income for long-term business, including that of the subsidiaries, has increased by 11 per cent, in a year when the retail price index increased by a little over 5 per cent. Our staff have benefited from this, in the field through increased commission and at chief office by an increase in productivity payment. Nevertheless, expansion of business by more than the rate of inflation also increases the surplus available to policyholders and stockholders by reducing the effect of those elements of the expenses that are independent of the volume of business. The consequential reduction in the expense ratio is one reason why we have been able to make some increases in the reversionary bonus.

The general branch has been less successful than the life branches. Although premium income has increased by 8 per cent, a substantial part of this increase has come from overseas branches and not from our main U.K. operations. The underwriting loss has increased by about £1 million and the trading profit has decreased by about £575,000. On the other hand, the marine, aviation and transport business has improved substantially with premium income up by 40 per cent and the transfer from profit and loss account down by £850,000. As a result, the total profit on short-term business has improved from £547,000 to £622,000.

REORGANISATION

Our Company Development Plan has continued to progress well. The non-recurring costs of reorganisation have been met from life branch and general branch reserves, as appropriate, as they were last year. We have also made a significant improvement in the terms of our Staff Superannuation Fund by reducing the normal retirement age of male staff to 64. Part of the cost of this has been met by the payment of a lump sum in 1983, but the effect is spread over three years by making transfers from the reserves in the same way as we have met Company Development Plan expenses.

INDUSTRY DEVELOPMENTS

Several controversial developments have arisen in the life assurance industry during the last 18 months and I am sure you will wish me to comment on them.

The most important matter affecting the Company's affairs has been the abolition of life assurance premium relief for policies completed after 13th March this year. This relief has been available, in one form or another, for as long as the Pearl has existed. It has been of invaluable assistance in encouraging the public to provide for their retirement or protect their families against their early death, and has made available for investment funds that would otherwise have been spent. While I must admit that the misuse of relief by some other offices in recent years has invited retribution, I can only deplore its sudden and total withdrawal for new policies. Generally speaking, the Pearl serves the small individual saver, and money that we do not collect will not be saved. It is a pipe-dream to suppose that the man who saves one or two pounds a week will invest it himself in industry if he does not take out a life policy.

The Annual General Meeting of the Company will be held on 6th June at 12 noon at the Registered Office, High Holborn, London WC1V 7EB.

District Offices throughout the United Kingdom.

PEARL ASSURANCE PLC

SALIENT POINTS FOR THE YEAR	£m 1983	1982
Life business (including subsidiaries)		
New premiums per annum	57.8	45.5
Single premiums and considerations	24.0	18.7
New sums assured	1033.8	847.8
Premium income	288.1	259.2
Life surplus allocated to policyholders	127.0	98.4
Assets of Long-term business		
At market values	3,242	2,689
General branch		
Premium income	72.4	66.9
Underwriting result	8.1 (loss)	7.0 (loss)
Trading result	0.8 (profit)	1.4 (profit)
Profit and loss account		
Transfers from long-term business	14.1	10.9
Transfers from short-term business	0.6	0.4
Investment and other income, less expenses and taxation	1.7	2.0
Assets of Short-term business and Stockholders' Funds		
At market values	201.2	163.9

Total assets of the group, at market values, increased from £2,959 million to £3,561 million.

However, I very much doubt if the effect on the Pearl will be as serious as the initial stock-market reaction might have implied. This opinion is based on the morale and enthusiasm of our staff, their good standing with the public, the financial strength and reliability of the Company and our history of adapting successfully to change over a very long period of time. I firmly believe that we will continue to play a very substantial role in providing our customers in all walks of life with the protection and the savings facilities that they require, and we have expressed our confidence in the future by treating 1983 on its merits as a successful year and increasing our distributions to policyholders and shareholders accordingly. You will incidentally have noted that the 1984 Budget also contained proposals which will benefit the Company.

The abrupt introduction of this change in LAPR meant that many of our policyholders completed proposals before 13th March for policies that were not completed in time to qualify for relief. As a concession to them, the Company is paying the relief on behalf of all policyholders whose proposals had been received at chief office by March 13. The cost, which will reduce surplus in future years, is expected to be upwards of £500,000 per annum.

COMMISSIONS

The second development on which I would comment is the demise of the Life Offices Association commissions agreement, to which my predecessor referred last year. Negotiations have continued throughout 1983 and into 1984 to set up a new Registry of Life Assurance Commissions (ROLAC) to replace the commissions agreement. Since the Pearl obtains virtually all its life assurance business through its own staff, ROLAC is only of marginal importance to us. Nevertheless, we consider that an orderly market is of great importance to the industry as a whole and have supported ROLAC throughout. Although the payment of higher commissions by the broker offices might indirectly benefit the Pearl, by improving our competitive situation, we think that public confidence in life assurance is of greater importance.

PENSIONS

Another topical subject is that of portable pensions. It has been suggested that individual workers should have more control over their financial future by providing personally for their pensions rather than being part of a group scheme, insured or self-administered. While we doubt whether they would be as willing to provide for their own pensions as proponents of the portable pensions scheme believe, we do only a small amount of group pension business, and would have little to lose if the group pension market should break up. Conversely, we write a great deal of individual retirement annuity business and might well write more if portable pensions were introduced.

THE GOWER REPORT

I must refer also to Professor Gower's final report on investor protection. A lengthy section of this report deals with life assurance as a savings medium. We consider that the final report is a great improvement on the original discussion document. The specific references to insurance business are almost entirely ones which we can fully support. While we agree with Professor Gower's wish to deter policyholders from taking out industrial branch contracts when they could afford and would be better off with ordinary branch contracts, we think his *specific* suggestion to that effect may not be the best. We are supporting the Industrial Life Offices Association in searching for alternatives.

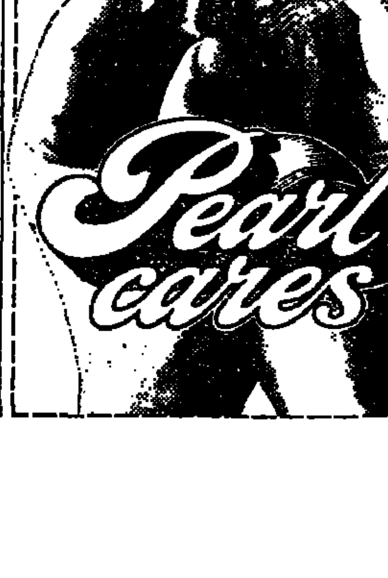
ANNUAL GENERAL MEETING

I would draw your attention to the items of special business on the agenda for your consideration at the Annual General Meeting on 6th June next which are more fully explained in the enclosure to this Report. These comprise proposals to revise the Company's Memorandum, to adopt new Articles of Association to bring them into line with current legislation and practice, and to introduce an SAYE Share Option Scheme for the benefit of the Company's full-time staff. These changes are recommended by your directors and I ask for your support for them at the meeting, either in person or by use of the proxy form provided. You should also note the proposed increases in the maximum fees of members of the Board. This is an updating of amounts that have not changed since 1980 but the higher amounts will only be paid to non-executive directors.

BOARD CHANGES

Apart from the changes on 9th June last year which were mentioned by my predecessor in his report for that year, there have been two further changes on the Board. Mr. Jim Holcroft resigned as a non-executive director in August 1983 and Mr. Bob Younger similarly resigned in February this year. Both started their Pearl careers as agents in the field, became Divisional Managers and then transferred to the management team at chief office. Mr. Younger became an executive director in June 1975 and both he and Mr. Holcroft served as non-executive directors for three years after their retirement from full-time work. We thank them both for their contribution to our affairs over very many years. I would also like to record a few words about my predecessor in the chair, Mr. Fred Garner has spent his whole working life with the Pearl. He was an outstanding chairman and he also served the Company with distinction as Controller of Investments for many years prior to his appointment to the Board. His colleagues are delighted that he has agreed to remain on the Board in a non-executive capacity as our President.

Finally, I would reiterate that 1983 was an exceptional year in many ways and as such there were more than the usual demands on our staff. As I would expect, they responded fully and I would like to end by expressing our sincere thanks to all of them for their efforts.



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NOTICE

To holders of

MONSANTO INTERNATIONAL FINANCE COMPANY'S

4½% Guaranteed Sinking Fund Debentures Due 1985

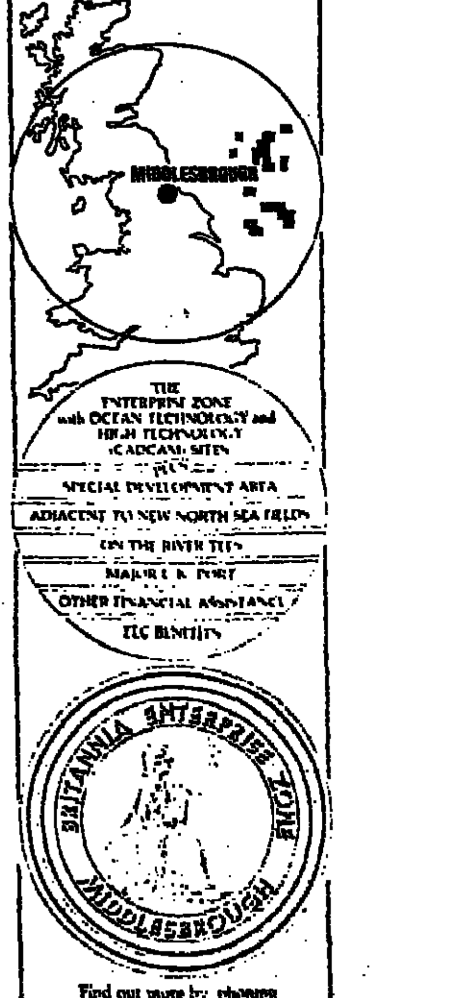
(convertible on and after May, 1966 into Monsanto Company Common Stock)

Pursuant to Section 4.06(a) in the Indenture dated as of October 15, 1965 relating to the above debentures, notice is hereby given that on April 27, 1984 a two-for-one stock split effected in the form of a stock dividend on Monsanto Company Common Stock was declared to holders of record of Monsanto Company Common Stock at the close of business on May 15, 1984. A certificate setting forth the adjusted conversion price and differential amount shall be filed with the trustee and at the offices of all conversion agents and notice of said adjustment will be published after May 15, 1984.

MONSANTO INTERNATIONAL FINANCE COMPANY

Dated: May 10, 1984

Middlesbrough The River Tees Offshore Centre



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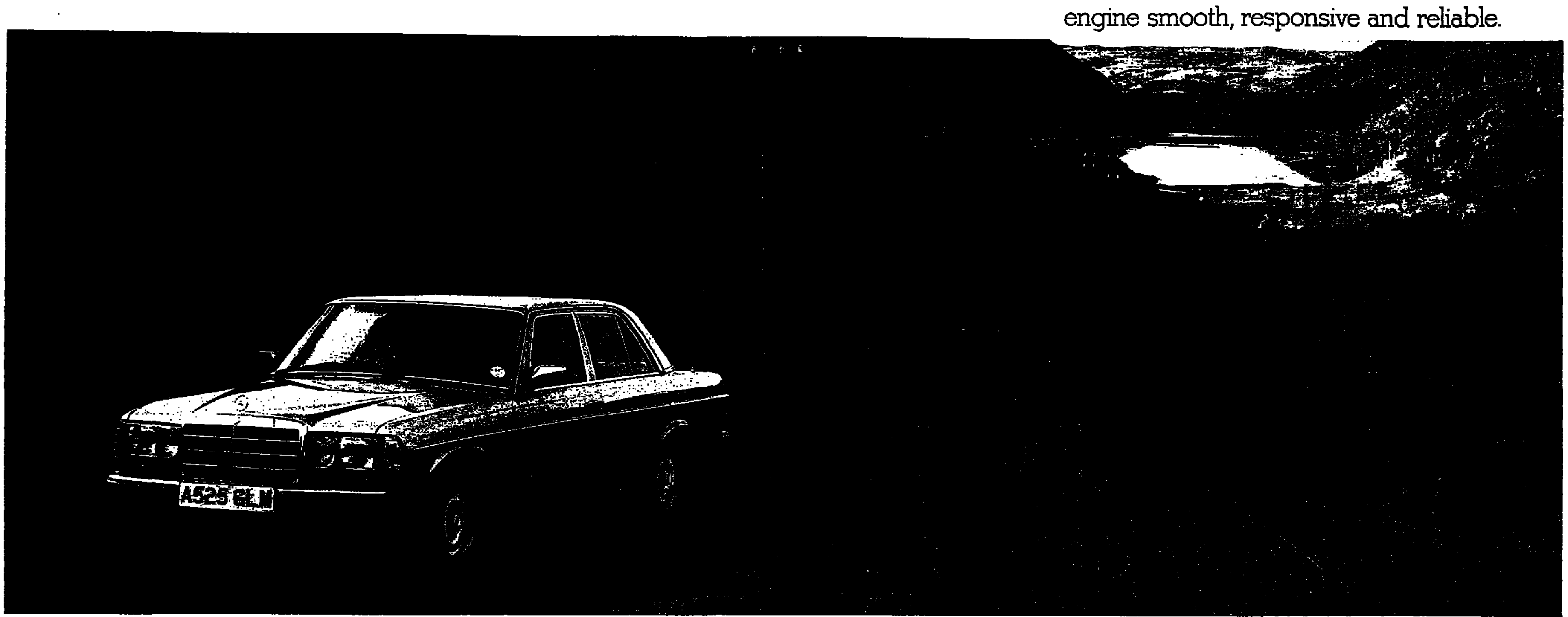

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UK NEWS

Scargill seeks to bring down Government

BY OUR LABOUR STAFF

THE MINERS' strike could last until December and is aimed ultimately at the political downfall of Mrs Margaret Thatcher's Government, *Mr Arthur Scargill, president of the* National Union of Mineworkers (NUM), told cheering miners at a national rally yesterday.

The demonstration and rally in Mansfield, Nottinghamshire, passed peacefully but violence broke out after pubs closed in the afternoon. About 60 miners were arrested and 12 policemen sustained injuries ranging from bruises to broken ribs.

The NUM said 45,000 attended the march from all over Britain, but police said there were fewer than 8,000 – an estimate which seemed too low to most observers. There were probably 20,000 present.

Mr Peter Heathfield, NUM general secretary, said it was the biggest demonstration in the union's history. It also brought the clearest declaration so far that the strike has wider political aims.

"The mining communities and the leadership of this union will not only win for the miners' union and save our pits and save our jobs, but more importantly we will pave the way for a transformation and roll back the years of Thatcherism," Mr Scargill said.

He added: "We will turn the tide and turn unemployment into employment. We will turn economic ruin into economic recovery and above all pave the way for a general election to elect a Labour Government."

Mr Jack Taylor, Yorkshire miners leader, said: "If we tick together we can not only stop pit closures, we can have socialism."

It is doubtful whether the rally will achieve one of its main aims – to bring the majority of miners in Nottinghamshire who are still working out on strike. The National Coal Board (NCB) *said there was a* good turnout yesterday with all 25 pits in Nottinghamshire working except one which was closed for maintenance.

The damage which the miners in Nottinghamshire are doing to the NUM's cause was made clear by Mr Scargill when he said the Central Electricity Generating Board's coal stocks had been cut from 34m to 17m tonnes and that the CEGB would be in desperate trouble within eight or nine weeks were it not for the limited amount of coal coming from Nottinghamshire.

This factor is extending his estimates of how long it will take to win the dispute, but Mr Scargill remained optimistic. "In the coal industry itself the stocks position has dramatically deteriorated. Make no mistake, we are on to a winner."

The NUM will respond to proposals for talks between its leaders and the NCB made through a third party.

The third party, understood to be the National Association of Colliery Overmen, Deputies and Shotfirers, will meet Mr Ian MacGregor, the NCB chairman, other board members and officials of the British Association of Colliery Management today at a routine gathering of the Coal Industry National Consultative Committee. The main item on the agenda is a review of the dispute.

Arrangements to get the two warring sides together have been shrouded in secrecy and are highly delicate.

Ford faces inquiry into parts supply

By David Churchill

THE FORD Motor Company is to be investigated by the Monopolies and Mergers Commission following its refusal to change its policy over the supply of car panel parts.

Ford had been criticised by the Office of Fair Trading (OFT) in a report published in March, for charging high prices for body panel spares and for trying to prevent competition from independent suppliers.

Sir Gordon Borrie, director general of fair trading, subsequently asked Ford to give an undertaking to change its policy or face a formal Commission investigation.

Sir Gordon said yesterday that no "acceptable undertaking" had been received from Ford and so he was referring the matter to the Commission

The OFT said that the terms of reference for the investigation included "Ford's policy and practice of refusing to grant licences to other suppliers of replacement body parts which Ford claims are covered by copyright."

The Commission's task will be to determine whether or not Ford's policy is in the public interest. The eventual decision could have widespread implications for copyright law since it challenges a company's right to take action to stop others selling a product it has designed.

The OFT became involved with the Ford case when it received complaints from independent suppliers of body panels which can be fitted to Ford cars that Ford was trying to stop them selling such spares.

Independent suppliers had been selling such parts since the 1960s, but Ford decided in 1981 to take legal action against 13 independent suppliers alleging infringement of the copyright laws.

BPCC offers £52m in agreed bid for Bishopsgate Trust

BY ALEXANDER NICOLL

MR ROBERT MAXWELL yesterday announced plans to increase the capital and broaden the shareholder base of British Printing & Communication Corporation (BPCC), which he controls, by making an agreed bid worth as much as *£52.7m for Bishopsgate Trust.*

The investment trust's shareholders are being offered BPCC shares or cash at a premium over Bishopsgate's net asset value and three insurance companies which hold 51.2 per cent of Bishopsgate have accepted the offer. Half of the Bishopsgate shares committed so far will be exchanged for BPCC shares and not for cash.

Mr Maxwell has presided over a dramatic turnround in the fortunes of BPCC since his private company, Pergamon Press, first acquired a stake in the company in 1980. Yesterday, he forecast that BPCC's profits in 1984 will "very substantially exceed" the pre-tax earnings of £22m achieved on a turnover of £231m in 1983. He said the company planned a 50 per cent dividend increase.

Proceeds from liquidating Bishopsgate Trust's investments will be used to reduce BPCC's borrowings and interest costs. BPCC plans to make acquisitions, particularly in the U.S. Mr Maxwell, identifying one area of acquisition as graphic technology, said: "The plans are very firm, and some of them will be unveiled fairly quickly."

On the decision to acquire Bishopsgate, Mr Maxwell said: "It was an investment trust that suited us. They wanted to sell and we wanted to buy." This method of raising capital responded to critics who believed BPCC's shareholder base was too narrow, he said.

The holding of Pergamon Press in BPCC will fall from 75 per cent to as low as 61 per cent under the offer terms.

The exact amount of shares or cash being offered to Bishopsgate shareholders will depend on the trust's net asset value on the day on which the PBCC offer becomes unconditional. Yesterday, Bishopsgate's net asset value was estimated at 203p per share

BES fund below target

BY TIM DICKSON

CHARTERHOUSE J. Rothschild, a leading UK financial institution, will announce this week that it has raised about £5.5m from private investors for its second Business Expansion Scheme (BES) fund.

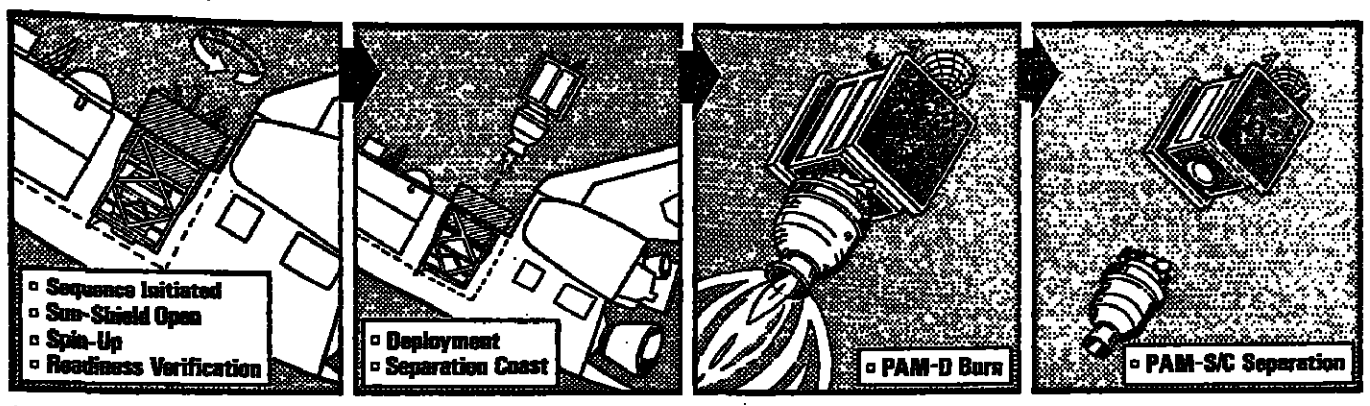
The figure falls short of its £7.5m target and will be noted with interest by the many UK investment management groups preparing to launch similar BES funds in the next few months.

The BES, which was designed by the Government to boost the flow of capital to small companies, attracted considerable attention in the 1983–84 tax year. It enables individuals to claim tax relief at their top marginal rate on investments up to £40,000 per annum in a wide range of unquoted UK trading companies, provided the shares are held for at least five years.

About 25 professionally managed BES funds were launched in 1983–84 and well over £40m was invested as highly paid individuals sought a tax shelter.

TECHNOLOGY

EDITED BY ALAN CANE



The sequence of operations by which the U.S.'s payload assist module (PAM) should boost satellites from the cargo bay of the shuttle. Three months ago, two of the modules failed to work properly—and engineers have still not discovered why

Ground test for suspect space motor

BY PETER MARSH

A GROUND test of a rocket motor next month in Tennessee could end several months of agonising over the future of an important component in putting satellites into orbit.

The motor is part of a payload assist module (PAM) made by McDonnell Douglas, the U.S. aerospace company. These modules act as an upper rocket stage in satellite launches that use either the U.S. space shuttle or the Delta expendable rocket.

McDonnell Douglas engineers aim to test the motor at the rocket development centre in Tullahoma, Tennessee. The trial could pinpoint the cause of an expensive mishap in February when two PAMs malfunctioned, putting two satellites into the wrong orbits.

Engineers at the aerospace company will decide by the end of May whether to go ahead with the test, which would attempt to repeat what happens when the module fires in space.

In the ground trial, engineers plan to attach sensors to the hardware to follow any possible malfunctions caused by changes in the engine's ignition pattern.

Satellite owners are concerned that the problem could re-occur on later flights.

Already Telesat, a company in Toronto half-owned by the Canadian Government, has rescheduled a satellite launch with the PAM from next month to mid-1985.

Hughes Aircraft, which with the aid of a module was due to put into orbit one of its Galaxy satellites at the end of May, has put back the date by two months.

Satellite Business Systems and AT & T also plan to use PAMs later this year. So far, these companies have not altered the launch dates.

Britain's Ministry of Defence has ordered two of the rocket motors to assist in the launch of its new Skynet-4 military satellites, due to enter the heavens in 1985 and 1986.

The PAMs are due to feature in the injection into orbit of another set of military satellites, the NAVSTAR navigation satellite owned by the U.S. Air Force.

McDonnell Douglas hopes that if it can pinpoint the cause of the mishap, it can if necessary change the design of the PAMs and mollify customers.

The launch programme of the National Aeronautics and Space Administration's space shuttles could be disrupted by a prolonged controversy over the PAM. Over the next couple of years, about a dozen satellites are due to be launched from the shuttles with modules.

The devices are fixed to satellites anchored in the shuttle's cargo bay. The modules boost the satellites from the shuttle's altitude of about 400 km to the geostationary orbit 36,000 km above the planet that is used for communications.

Alternatively, the modules, which cost about $5m each, can function as the final stage of a Delta rocket. Deltas are conventional launch vehicles which are expended in the course of taking payloads into space.

On the 10th shuttle flight three months ago, two payload assist modules misfired and put communications vehicles, owned by the Indonesian Government and Western Union, into the wrong orbits. As a result, the satellites are drifting too close to the earth and are useless for communications.

Prior to the accident, PAMs had an unblemished record. They had successfully put into orbit 16 commercial satellites and two military vehicles owned by the U.S. Department of Defence.

Immediately after the mishap, McDonnell Douglas, which makes the modules at a factory in Huntington Beach, California, set up an inquiry team to search for evidence that could pinpoint the cause.

Engineers believe that a small nozzle that protrudes from the rocket's motor may have been faulty. The nozzle, made of composite material, acts as a conduit for exhaust gases that are responsible for the rocket's propulsion. According to one theory, the nozzle on both of the errant PAMs was incorrectly shaped. This could have been either because of a design fault or a problem in manufacturing.

The motors fitted to both satellites should have burned for 86 seconds to put their payloads into the geostationary orbit. But because of the defect, they produced jets for a much shorter time, which sent the satellites tumbling too close to the earth.

ESA test project

THE EUROPEAN Space Agency is improving its facilities for testing satellites before they enter orbit. An £18m project, due to finish in 1986, includes a chamber to simulate conditions in space that will be the largest of its kind in the world.

The improved facilities, at the agency's scientific centre in Noordwijk, the Netherlands, are necessary because the world's telecommunications companies are moving toward bigger and more sophisticated satellites.

The new space simulation chamber will test satellites whose central core — or "bus" —is up to 6 metres in diameter. The main feature is an array of lamps. This produces a shaft of radiation, 6 metres wide, which replicates what a satellite in space would receive from the sun.

Each of 19 lamps in the array is rated at 25 Kw, making the beam some 2,500 times more powerful than the artificial illumination in a typical living room.

The radiation includes ultraviolet waves of the kind emitted by the sun but which do not reach the planet's surface on account of absorption by the atmosphere.

ESA's new facility, in which satellites will stay for up to ten days while sensors monitor how the hardware withstands the radiation, will be marginally bigger than the largest equivalent chamber in the U.S. The testing unit at the Jet Propulsion Laboratory in California has a beam 5.7 metres in diameter.

To complete the job of simulating conditions in space, ESA's test chamber includes equipment to cool with liquid nitrogen the interior to less than −150 deg C. Engineers will reduce the pressure inside the chamber to a billionth of an atmosphere.

The space simulator will be available for the big satellites such as ERS-1, a vehicle to take "snapshots" of the Earth with radar, that ESA plans to build later in the 1980s. It will also be available for a fee to private industry.

In other parts of the improved facilities, workers are installing vibration equipment that will shake satellites of up to 2.5 tonnes anything up to 2,000 times a second. This will simulate the juddering experienced by satellites as they leave the Earth on top of a rocket or inside the U.S.'s space shuttle.

A combination to excite Einstein and Eisenstein

IF SERGEI EISENSTEIN and Albert Einstein were alive today and could be persuaded to collaborate, the moving picture business would be in for the most exciting time in its history.

The mathematician is well enough known for enunciating the principle that observable phenomena are meaningless until related to the observer and the environment — everything in life is relative.

The Russian Eisenstein is perhaps less well known as one of the pioneering film-makers of the 1920s who postulated the principles of film montage — "The juxtaposition of two shots by splicing them together resembles not so much the simple sum of one shot plus another —as it does a creation." Thus, despite the sequential nature of film, the medium was seen as having the power of additive synthesis.

This malleability of film fascinated the early pioneers of cinema, promising a new language of communication. But since then, the idealism has been lost, overtaken no doubt by the narrative power which comes more readily to a linear medium.

Maybe Eisenstein and Einstein would be stimulated, however, by the new linguistic promise of the video disc; a medium which allows the programme maker or the viewer to display shots, sequences or merely still pictures in any order or permutation at will. The narrative and linear concepts of film become less important, and the original ideas of Eisenstein and others — once known as "intellectual montage" —suddenly become valid again.

Albert Einstein, too, would be fascinated because the video disc creates an expansible time frame in which the relationship between the component parts of every programme is not fixed. And, indeed, in which the relationships of visual images can be controlled or analysed on a mathematical basis. For example, every single frame of the 25 per second which comprises a moving television picture can, on a video disc, have a code number ascribed to it—so that every picture or frame thereafter can be displayed, changed, or rearranged by numerical processing as with a computer.

The practical consequences of this are still difficult to grasp with a medium in its infancy. Even the most popular application—interactive video—is a concept which confuses most people. Interactive video merely places some control in the hands of the viewer, allowing him to stop the programme, consider perhaps a question posed by it, and then advance to some other part of the programme relevant to the question or answer; in more sophisticated systems, an interactive video programme will itself determine which part of the programme will be next displayed—depending on the responses of the viewer (via a numerical keypad).

Video & Film

BY JOHN CHITTOCK

Interactive video has found obvious appeal in training. Numerous systems are available, some based on videotape. One example is CAVIS (Computer Audio Video Instruction), a system recently adopted by International Paint to train staff at all levels and in several languages. The individual trainee can sit in front of the CAVIS television screen, view the training programme at a self-paced speed—stopping and starting, going to other parts of the programme in response to questions and so on. Text on the TV screen is generated separately and the progress of the learner is also recorded as data for later inspection by the trainer.

There are, however, creative applications of interactive video that might have fascinated Eisenstein. Thorn EMI has recently provided one example using the VHD video disc player at the Festival du Son et l'Image in Paris, where 12 video projectors were fed pictures from four VHD players for display on a specially constructed "videodrome."

The unique point about this particular demonstration was that the selection of images and sequences from each video disc player was manually controlled by a producer/director —Bernd Kracke—who is a research fellow at the Centre for Advanced Visual Studies at MIT. Thus every "performance" was different and could be responsive to the reactions of the audience.

Alongside this, the announcement of Britain's first major video disc juke box contract seems perhaps rather mundane, even if it does place some control of video images in the hands of the public. A consortium headed by Albion Leisure Services and ACE Coin Equipment is installing, initially, 1,000 VHD video disc players in pubs and clubs throughout the UK—built into juke box units. Not quite interactive video, but no doubt the equipment could soon incorporate interactive video games as an additional attraction.

New and innovatory ideas such as these are now beginning to catch the imagination of the video business. But undoubtedly the most mind-bending application for the video disc, recently announced in the U.S., at last puts this extraordinary medium into perspective—and firmly in an area that would have fascinated Einstein. The idea comes from Chrysler in an experimental application of video discs as an in-car navigational system.

With the acronym CLASS (Chrysler Laser Atlas and Satellite System), this application of video discs offers the car driver an instant and accurate navigational system. The disc holds 15,000 maps, plus other visual information, and the video disc player is constantly linked by radio signals to four of the five NAVSTAR satellites—which are in a geostationary orbit. These satellites provide constant reference point to monitor the position of the car—by triangulation—and relay back to the player appropriate data on latitude, longitude, elevation and time. This information in turn automatically "selects" the appropriate map for display from the video disc and superimposes on the map the car's precise position.

Such ideas for video communication are not such a far cry from Eisenstein, who compared film with hieroglyphics: an additive picture language where words become redundant. Pictures are also a much denser way of storing information than words. The problem is that we still have not discovered how to use pictures as a fluent language. The video disc offers great scope for discovery, with the advantage—of which Einstein would surely approve—of making moving pictures amenable to mathematical analysis. It may seem almost incomprehensible, but it is beginning to happen.

Computing

Bromcom for Cyprus

BROMCOM, a Bromley-based UK computer company, is to set up manufacture in Cyprus. The aim is to make computers to sell into burgeoning markets in the Middle East and Turkey.

The company has designed the SuperStar range of computer which are aimed at small and medium-range companies. The range provides office automation tasks and accounting based on the concept of several processors carrying out several jobs simultaneously.

The new plant will be at Famagusta in Cyprus where work is expected to start in the summer. More details from the company on 01-290 6044.

Process

Imperial control

A PROJECT to introduce computer techniques in the teaching of process control and chemical engineers is about to start at Imperial College of Science and Technology.

IBM, the U.S. computer company, is collaborating with Imperial College in the work. It will provide on secondment IBM specialists, provide computers, and software and funds for posts at Imperial.

The project will run for three years.

Acorn seed

ACORN Computers has invested £400,000 in a small communications company called Torus. Set up by Stephen Ives and Stephen Jolley, Torus will market its first product at the end of this month.

This will be a graphics controlled local area network to form a link between IBM personal computers. Colour graphics simplifies the action of communication between machines.

Mercury fights pressure over expansion targets

BY GUY DE JONQUIERES

MERCURY COMMUNICATIONS, the privately owned competitor to British Telecom, is resisting strong government pressure to commit itself to firm targets for the future expansion of its UK network and services.

The issue has come to a head in negotiations over Mercury's future licence, due to be published later this year. To help it secure the best possible terms from the Government, the company has engaged an American expert on telecommunications regulation.

He has been seconded from Pacific Telesis, the large U.S. west coast telephone company, which has expressed an interest in taking an equity stake in Mercury.

The licence negotiations have led to a marked divergence and some tension between the Department of Trade and Industry and Mercury's management over the company's objectives and development strategy.

The Government wants Mercury to invest heavily to extend its services as soon as possible to the whole of the UK and to give a high priority to poorer and more remote parts of the country, particularly north-east England and Scotland.

The Department of Trade is seeking assurances that Mercury will expand its planned network to certain areas by specified dates and will aim to ensure that its business is not too highly concentrated in any one area of the country.

There have been suggestions in Whitehall that Mercury is not pursuing a sufficiently aggressive strategy. But the company has told the Government that as a commercial venture its first priority must be to seek a profit not to meet political objectives.

It wants to focus initially on large business customers in cities such as London, Birmingham and Manchester and to expand closely in line with demand.

Mercury is understood to have about two dozen customers and says that it has been taking orders at the rate of about one a week since the start of this year. It has declined to name its customers so far, though it may do so later this year.

It does not rule out operating a nationwide service eventually, if that proves commercially worthwhile. But it has told the Government that it is unwilling to provide unprofitable public services unless it receives a subsidy.

The company is also still negotiating the terms on which it will be able to interconnect with British Telecom's circuits. A satisfactory solution is essential to its commercial future, since it will have to rely on BT's local network to reach many of its customers.

So far, Mercury has received investment commitments totalling £125m from its shareholders. Cable and Wireless and British Petroleum each own 40 per cent of the company. Barclays Merchant Bank owns 20 per cent, but is seeking a buyer for its stake.

The shareholders have grown increasingly cautious about committing further large funds until they can see a clear prospect of a commercial return. It is estimated a total investment of about £1bn would be required if Mercury were to offer a complete nationwide service.

Much of the investment to date has been to build a 1,100 km land network linking major cities in England. The network uses advanced optical fibre cables, which are being laid in ducts along British Rail track.

About 150 km have been laid so far, and the network is due to be completed by next spring. However, Mercury plans to start services between London and New York next August. It also wants to extend links to continental Europe but has yet to win agreement from any European government.

Mercury is also studying proposals for co-operation with Reuters, the international newsagency and business information group.

Over 1m Britons to holiday in U.S.

By Arthur Sandles in Seattle

MORE THAN 1m Britons will holiday in the U.S. this year and spend $510m there, according to the latest U.S. government estimates.

The U.S. tourist industry, now holding its major annual sales conference in Seattle, believes it has halted the decline in holiday-making by the British since the boom period of $2.40 to the pound.

About 2m Americans are likely to holiday in Britain this year. But the U.S. industry is determined to try to correct the imbalance, which is mainly due to the present exchange rate of about $1.39.

An official report indicates that the average overnight rate for U.S. hotel rooms is $51.90, over £35. This is £10 more than the UK national average.

Tour operators are trying hard to overcome the price problem with price guarantees. American Express, for example, has this week pegged the price of hundreds of holidays to Florida if they are booked before the end of next month.

Better value defence emphasised

Bridget Bloom, Defence Correspondent, looks at the Government's latest policy document on defence, which places greater emphasis on putting out more contracts for equipment to competitive tendering.

BETTER VALUE for money from Britain's £8bn defence equipment bill and a shift in resources from support services to the armed forces on the front line are the twin emphases of the annual Defence White Paper (policy document) published yesterday.

Mr Michael Heseltine, the Defence Secretary, backing up his major reorganisation of the Ministry of Defence (MOD) outlined measures which are already toughening terms for defence contractors.

However, the White Paper also details new policies which foreshadow the contracting-out of many of the armed services' support functions. This seems likely substantially to increase defence business opportunities for British companies.

Mr Heseltine yesterday called his reorganisation of the MOD "the greatest single overhaul of machinery for developing and co-ordinating defence policy for two decades."

The outline of the reform, first announced in March, is in the White Paper. Precise details will only be published in a separate White Paper in July, with the reforms effective from January 1 1985. The reorganisation is likely to result in a radical loss of power for the chiefs of the three armed services.

Yesterday's White Paper, a wide ranging review of Britain's defence activities, concentrates on two key areas designed to back up Mr Heseltine's reforms. It contains the fullest statement yet of the MOD's drive to increase competition in defence business. It also details government policy designed to shift resources from the so-called "tail" of the defence forces to their "teeth," or front line activities.

Britain's defence budget for 1984-85 is £17bn, of which nearly £8bn or 46 per cent will be spent on weapons, mostly made by British companies. The defence budget has increased by nearly 20 per cent since 1979.

Although the White Paper does not examine the ramifications of the decision, announced last year, to abandon from next year the Nato target of a 3 per cent real increase a year in the defence budget, it does note that "the energies and livelihood of more than 700,000 people in Britain are engaged in the industrial activity associated with the defence effort." The MOD is the single largest customer of British industry.

Some 20 per cent by value of contracts totalling £6.8bn which were placed by the MOD in 1982-83 were awarded following competitive tendering. Measures to increase this percentage are being progressively introduced. Analysis of some recent contracts showed savings of over 30 per cent as a result, the White Paper says.

The major measures are:

- Prime contractors must introduce competition in their subcontracts whenever possible.
- Companies will be invited to compete early in a weapons project "to ensure that we have the best available choice of concepts and to stimulate innovative ideas for meeting our requirements."
- Development contractors will not necessarily be given initial production contracts, which will be open to competition where possible.
- Small companies "with their qualities of enterprise and willingness to innovate" will be brought into the competitive process wherever possible. "We intend to arrange more open tendering to allow these companies greater access to our procurement procedures."

The White Paper points out that the competition policy will "take some time to work through. It is too early to generalise about the results." But it says that the extension of competition should lead to "very significant cost savings which will ensure a continuing shift in the balance of the defence programme towards additional frontline capability."

The White Paper details pilot projects which are already under way or planned across a wide range of support activities. This suggests that, if the projects are successful, many support services will be contracted out to private enterprise in the future.

The pilot projects include:

- Warship refitting. A major study is underway which could result in the contracting out of refitting work normally done under MOD management at the Royal Dockyards. Meanwhile two ships – probably a frigate and a conventionally powered submarine – will be offered for competitive tender, with work to begin later this year.
- Management of non-warlike stores to be contracted out a two depots.
- Major servicing of Canberras and Hunters will be done by industry; deep servicing of the Nimrods will be opened up to competition as will major servicing of the Hawk aircraft.
- More than 30 per cent of army equipment repair is to be contracted out. REME workshops' business, currently worth an annual £76m, will put much work out to competitive tender.
- All air charter contracts which can be are now open to tender, while the army's movement of freight will be so opened next year.

Alliance proposes bigger EEC budget

BY PETER RIDDELL, POLITICAL EDITOR

AN ENLARGED EEC budget, together with a co-ordinated programme for economic and industrial recovery, forms the centrepiece of the SDP/Liberal Alliance manifesto for the European Assembly elections on June 14.

The manifesto, entitled "Let's Get Europe Working Together," was launched yesterday at a series of press conferences throughout Britain. The Conservative and Labour Parties are expected to publish their manifestos early next week.

The emphasis in the Alliance document is unashamedly pro-European in favour of an expansion of the role of EEC institutions, including the parliament, and in favour of strengthened European co-operation for conventional defence.

In the introduction, Mr David Steel, the Liberal leader, and Dr David Owen, of the SDP, say that "we cannot evade the fact that our future lies in the European context. It is hopeless to try to fight in Brussels in a negative chauvinist spirit, obsessed with the past."

"Too many British political leaders have concealed their inability to provide imaginative direction to the Community behind a surly anti-Europeanism. We have no patience with these attempts to play to the gallery of outdated nationalism. True leadership should make it clear that Europe has got to work better – and that Britain's vital interests will be best served if it does."

The manifesto plays down the significance of the problem of the EEC budget, which "represents only a small part of the total economic picture of the effects on the UK of British membership. Over-concentration of spending on agriculture is as much a result of failure to establish other common policies as a consequence of the way the Common Agricultural Policy works."

In particular, the manifesto says: "A budget constrained by the current ceiling of revenue-raising will not allow sufficient headroom for the other expenditure necessary to achieve the other policy objectives which we advocate. We can fund the industrial, regional and social policies which Europe so badly needs only if we are prepared with our partners to find the money to pay for them.

The Alliance urges a reform of the budget via linking revenue-raising to the proportionate wealth of each member state

Film campaign seeks to boost audiences

BY RAYMOND SNODDY IN CANNES

THE BRITISH film industry is to launch a £3m campaign to attract more people to UK cinemas and increase the market for British films abroad.

The British Film Year, which will begin next April, was announced by Sir Richard Attenborough, the director of Gandhi, at the Cannes Film Festival.

The aim of the year, will be to attract at least 4 per cent more people to the cinema in the UK. This would increase revenues by more than £4m, with an estimated extra £3.5m generated by higher sales of pre-recorded cassettes. Last year attendances at British cinemas totalled 69m, compared with more than 1bn in 1946.

The emphasis will be on new films. Premieres will be held in many British cities and in the major capitals of the world as part of British film weeks.

The Government has promised nearly £500,000 to support the plan. The film industry has already pledged £500,000. The aim is to raise another £1m from film companies and a further £1m from sponsorship.

Sir Richard said yesterday that the success of films such as Chariots of Fire and Gandhi presented an opportunity to stop the declining trend of cinema audiences and get really worldwide distribution for British films.

Jaguar 'worth £250m'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, BL's luxury car subsidiary, is worth about £250m, according to an investor's guide produced by Professor Krish Bhaskar, head of accountancy and finance, and his team at the University of East Anglia.

It suggests that, if Jaguar continues to perform as well as it has in the past two or three years, the stock market value could rise to nearly £500m after the company is returned to the private sector later this year.

Three factors in particular, however, would drive down the share price:

- The departure of Mr John Egan, the chief executive.
- Anything which adversely influenced revenue in the U.S., Jaguar's biggest market.
- If the new saloon, code-named XJ40 and the replacement for Jaguar's best-selling XJ6, proved not to be a success.

"Jaguar: an investor's guide." £32 from University of East Anglia, Norwich NR4 7TJ.

New terminal for North Sea gas

By Andrew Fisher

ASSOCIATED British Ports is to spend £5m on a new deepwater terminal at the Humber port of Immingham to handle gas from the North Sea.

The facility will be used by tankers carrying liquefied petroleum gas (LPG) from Flotta and Sullom Voe for both Calor Gas and Conoco.

The terminal will also be used for the export of LPG. Completion is scheduled for mid-1985.

Toshiba confirms factory plan

By Carla Rapoport

TOSHIBA, the Japanese electronics company, confirmed yesterday that it plans to open a microwave oven factory in Plymouth, south-west England.

Production will begin in July next year and will eventually create some 200 jobs. The total investment will amount to about £3.6m.

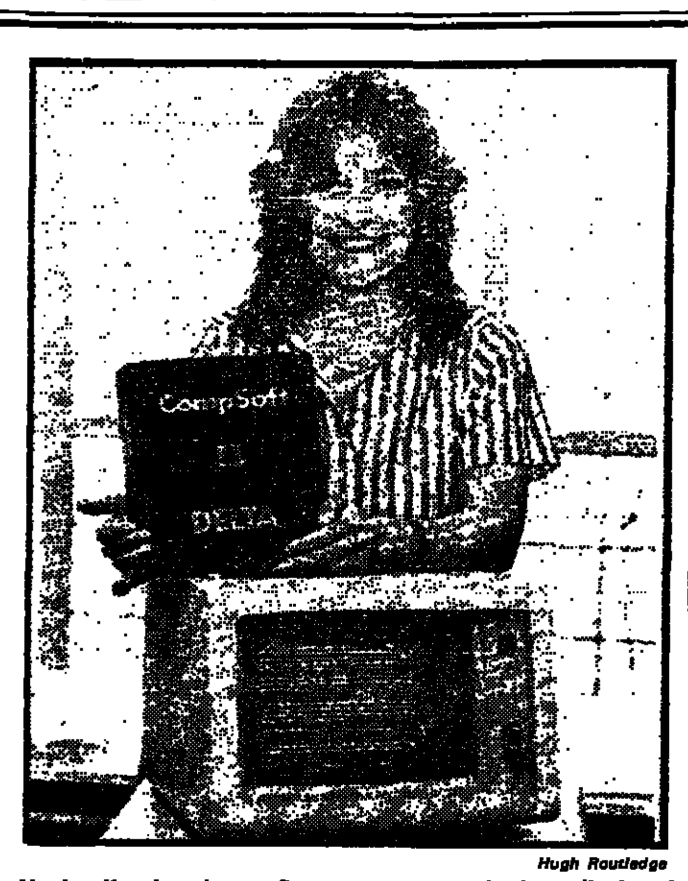
The new plant will be producing about 20,000 units a month when it is fully operational.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

The double life of Heather Kearsley

BY ELAINE WILLIAMS



Hugh Routledge

Heather Kearsley: the top five computer companies have all adapted Compsoft's products

LIVING the earthly life of self-sufficiency seems rather at odds with running a computer software company. But that is the double existence of Heather Kearsley, founder of Compsoft.

Until four years ago she lectured part-time in social psychology in order to provide enough income to support her horse, goats and chickens. Then she started selling a computer program written by her husband, Nick Hogan, "out of interest." Hogan also had a part-time job contracting his computer skills when necessary.

Her decision to start selling Hogan's program full-time came during one Easter break. She visited all the microcomputer dealers in the UK. In three weeks Kearsley came away with £3,000 worth of orders. To some one earning £2,000 a year for 16 hours' lecturing a week this seemed like a fortune. Heather Kearsley says that her husband, a born pessimist, was convinced that the company would not succeed. Eighteen months later, however, he joined it as managing director.

Kearsley was not without her own doubts. For the first six months after setting up the company she could not sleep. "I went through an identity crisis. For the first time I had to be decisive and give other people orders," she says.

Initially she operated from home. When people called and asked for a particular department "I would answer the phone with one accent and then pretend I was someone else just to make the company seem bigger," Kearsley says.

Then at a party she met a computer programmer and hired him. His task was to help improve the software and code the program so that it could run on other computer models.

Hogan's program was originally designed for Commodore PETs. It was a database program which allows users to store information in a logical manner. Now it can be run on many models. The top five computer companies in the world, including Xerox, Wang and Digital Equipment, have all adopted Compsoft's products.

The company's main product is called Delta and is also a database management system. In the two years that this program has been on the market it has been used for 2,000 to 3,000 different applications and sold to about 5,000 customers throughout Europe.

Some of the more unusual uses include keeping lists of greyhounds at a racetrack, organising police beat rotas and keeping track of North Sea support vessels. A local authority bought Delta to list all its manhole covers.

British forces used Delta to make lists of prisoners taken during the Falklands conflict. Ironically, before the war the Argentinian navy bought the program for managing its fleet.

Today the company has a turnover of £1.3m which compares with £50,000 for the first year's sales. Growth is more than 100 per cent a year. Employees have risen to 35, of which more than 50 per cent are women. Kearsley is keen to encourage other women. "I am *not hidebound by convention*," she comments.

The technical service department which helps sort out customers' problems and provides advice on equipment is also dominated by women. Kearsley calls them her "samaritans of the switchboard."

One of the greatest mistakes she made during the early days of the company, she admits, is that "I was too cautious about spending money on marketing."

Her social psychology background had helped in selling. "I used to do behavioural experiments with rats and mice. This helped me deal with microcomputer dealers," she jokes.

Being an entrepreneur runs in the family. Kearsley's younger brother, Andrew, who has developed an improved laser which may have medical applications, set up Oxford Lasers.

Kearsley says that she has always had an entrepreneurial spirit. As a child she used to run pet shows and charged neighbours an entry fee. She asked the local yet to judge animals. Her parents banned the shows when they realised that Heather's animals always seemed to scoop special category prizes; she ensured that the categories were such that her pets came out on top.

What of the horses and goats *now that she is busy selling* Compsoft? "They're still there. I just have to get up earlier in the morning to feed them."

Why Europe needs local job creation

BRITAIN MAY have the highest number of unemployed of any country in Europe — but it can also boast a leading role in local initiatives to create new jobs.

Based on the evidence of several recently researched case studies, a report published by the Economist Intelligence Unit urges more local and regional authorities throughout Europe to encourage the expansion of existing, and creation of new, businesses.

"Unless the public sector recognises that the claims of local action are such that public funds should be provided as the mainstay of support, then local action will peter out in a few years, warns the report. This will require "a willingness in most countries of Europe to acknowledge that such funds are more effectively spent in that way than in expensively persuading invisible investors that there is only one place in Europe worth investing in — the town or city doing the promotion."

The report considers the history of projects in the UK, the Netherlands and France, including UK enterprise agencies, British Steel Corporation (Industry), the job creation arm of the steel corporation, and the joint project between the Dutch electricals giant, Philips, and the private British company, Job Creation, to alleviate the effects of a major closure in The Hague.

The Philips project "shows that a prime sponsor, private sector in this case but public sector in others . . . can make a real contribution to the community with which it is concerned." A bold commitment, moreover, induces others to join the scheme for, as the Report points out, an initially sceptical municipality, the Hague, has asked Job Creation to develop a second Enterprise Centre for small firms.

The study suggests that communities, local authorities and local employers may be surprised by the energy, talent and initiative lurking in even the most depressed areas. But while the cost of local initiatives can be *small* compared with other forms of expenditure, it is crucial that their objectives are clearly defined. New companies, for example, "should not be helped to put other companies out of business by producing a product or service for which there is already sufficient local supply"; it is also essential that the right kind of people are recruited. "They must be able to feel a sense of identity with the anxieties and hopes of those who have taken the risk of setting up a business on their own, and at the same time be able to communicate effectively with *officials, bankers and lawyers.*"

** EIU Special Report No. 165. "Creating New Jobs in Europe; the role of local initiatives." Available from Spencer House, 27 St James's Place, London, SW1. Price £30.*

Tim Dickson

In brief . . .

AT THE beginning of the year William Page began to preach what he practices, and vice versa, when he started up a publication called Small Firms' Outlook. Now in its *fifth* issue, the *10-issues-a-year* magazine includes articles and information useful for the one-man band and those who have progressed further. Topic covered include the law on safety of employees and visitors; how to get the Post Office to pay your postage; how to advertise in your local newspaper or cinema; how to cut your telephone costs; and how to get market research on the cheap. A year's subscription costs £19.50 (including postage). Details from: Beech Tree Publishing, 10 Watford Close, Guildford, Surrey GU1 2EP.

●

A SPECIALIST handtool for bricklaying has won this year's *Opportunity Wales* first prize of £2,500 for Gary Lewis and Terry Huxley of Excalibur Handtools, based on the Merthyr Tydfil Industrial Park. Second prize in the competition, sponsored by the Wales International Management Centre and supported by *the Design Council Wales and* HTV Wales, went to Cenfyn Evans, whose company, Solar Sounds, makes a computer-based aid to teaching music. Lewis and Huxley's "Pointmaster" is claimed to be the first tool made specifically for pointing brickwork.

●

THE Irish Republic's Industrial Development Authority has recently launched a set of 13 leaflets on Starting Your Own Business. They cover everything from planning, premises and keeping the books straight to exporting, being an employer and insurance for a small firm. IDA, 43-47, Lower Mount Street, Dublin 2.

Co-operatives

A role in regeneration?

BY JOHN HANDS

CO-OPERATIVES have flourished when existing social and economic systems have failed to supply basic human needs. They were born of a struggle to overcome deprivation and inequity caused by the exploitation of workers following the industrial revolution. They spread during the depression in the U.S., helped resuscitate several European industries and housing programmes in the aftermath of the Second World War, *and revived falling agricultural* communities in Asia.

But has this unique system of member-owned and controlled enterprises anything to offer a modern economy that is in its worst recession since the war, and that is undergoing a technological revolution which many believe will prove as traumatic as the industrial revolution?

The authors of a book published today* not only say yes; they suggest that co-operatives have a vital role to play in a strategy for economic regeneration.

Peter Cockerton and Anna Whyatt support this claim by *pointing to the record growth* in worker co-operatives in Europe over the past five years, with over half a million people now collectively owning and running their own businesses. The greatest increase in numbers *employed* in co-operatives has taken place in the UK with a 27-fold increase *since 1976, giving a present total* of some 6,000 worker-owners.

It is not only the record levels of joblessness which have been responsible for this trend, according to Cockerton and Whyatt. "While the desire to create jobs in the face of high unemployment is a powerful incentive, the debates of the past 20 years concerning industrial and local democracy and the general demand for decentralisation have created a climate in which self-management has emerged as a basic requirement for growing numbers of people."

But their book, *The Workers Co-operative Handbook*, is not primarily polemical; it is a practical guide to setting up a workers' co-op. And one of its case studies illustrates both the pitfalls and the potentials of the new breed of co-operatives.

Computercraft was set up in 1979 by *six* people who had conventional programming jobs in the computer industry. The main aims of the group were for the members to be able to control (and thereby enjoy) their own work, to undertake projects that use computers in a socially responsible manner, to offer advice on computerisation to community and other similar groups, and to demonstrate that a high technology co-op was a viable proposition.

The co-op started up very rapidly. That was probably its first mistake. Within four months of the initial meetings, it had registered, found offices and won its first contract. But, talking to two of its founder members, it is clear that the group had not fully thought through its precise objectives and methods, lacked business experience, and was under-capitalised. According to Phil Cole: "We exploited ourselves for the first three years." There were also major differences of view as to what a computer co-op actually was."

The problems were eventually resolved when two of the founder-members left to set up a similar project in Australia. This coincided with the co-op *winning several substantial contracts.*

Longer-term

Computercraft is now an established software house specialising *in consultancy*, software development, training and support on microcomputers. Its clients include *social agencies* like the National Association of Citizens Advice Bureaux, the Commission for Racial Equality and the Child Poverty Action Group, plus commercial organisations.

Typically for a new, small business, the immediate pressures of work and clients' demands took priority over longer-term considerations. But, as a co-operative committed to "informed democracy" and consensus decision-making at weekly business meetings, this weakness was recognised. The co-op members therefore decided on some social/strategic planning weekends together.

As a result, the co-op now has an embryonic strategic plan which provides for a move into packaged software production and the acquisition of marketing and sales expertise.

Overall the members feel very positive about working as a co-operative. The problems they have faced are more than outweighed by the benefits of working in an environment that they control, with people who share the same aims and where they are able to do the sort of work they want to do.

But it is clear that Computercraft learned the hard way, through trial and error. As another founder - member, Richard Collings, put it: "If we had been a conventional business, we'd have gone bust." It was only a share commitment to the original aims which sustained them through the difficult times.

It is here that The Workers Co-operative Handbook could prove so valuable. Without pontificating, it sets out all the relevant information on what is needed to start and run a workers' co-operative; the legal, financing, business planning and sources of advice; and case organisational requirements; sources of advice; and case studies. Above all, it poses the questions that every aspiring co-operative should have asked and answered to its own satisfaction *before* embarking on a business enterprise.

The body which published this handbook, the Industrial Common Ownership Movement (ICOM), has been the major driving force behind the enormous growth of worker co-operatives in recent years. The failure rate for these co-operatives has been *estimated* at 5 per cent a year — a figure substantially less than the figures quoted by the Department of Industry for all new businesses. The amount of public investment has been minimal. In 1983 this was £3m (compared with £5.4m public *investment in the private sector) and this generated approximately* 2,000 new jobs. In crude terms £1,500 per job would seem a better investment than the £7,000 per annum cost of maintaining a person in unemployment.

Against this background, it is difficult to argue with Cockerton and Whyatt when they suggest that the worker co-operative principle ". . . may not just be a social ideal. It could hold the key to a new type of economic revival."

** The Workers Co-operative Handbook by Peter Cockerton and Anna Whyatt, ICOM Co-Publications obtainable from Corner House Bookshop, 14 Endell Street, London WC2, price £3.75 inc p and p.*

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Telex: 337774.

PEAT MARWICK

Armada Carpet Company Limited in receivership

For sale as a going concern. The Company has been trading for 12 years as carpet retailers and suppliers carpets at the top end of the retail market. Contract work is also undertaken.

Turnover for the year ended June 30th, 1983 is estimated at £800,000. There are 21 employees at six locations including leasehold retail premises in Bristol, Bath, Gloucester and Thornbury.

For further details please contact Jack Lewis, Arthur Young McClelland Moores & Co., Froomsgate House, Rupert Street, Bristol BS1 2QH. Tel: (0272) 290808.

Arthur Young McClelland Moores & Co.
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

FRAMED PICTURE MANUFACTURERS

For sale by the joint receivers as a 'going concern,' a framed picture manufacturers based in West London. Turnover around £700,000. Customers being major chain stores and furnishing group. Tax losses available. Contact Mr B. Mistry, Begbies, 3 Raymond Buildings, Gray's Inn, London WC1R 5BH, telephone 01-242 6939.

SAWMILL

Opportunity to purchase fully equipped sawmill near Forfar, on main road and close to home-grown timber supplies.

- ★ Two mills, log handling and ancillary equipment, vehicles, etc.
- ★ Additional joinery workshop (leased to tenant)
- ★ Includes a modern 3-bedroom bungalow for manager
- ★ Offers over £75,000 are invited

Further information from Mrs A. Galbraith:
Touche Ross & Co.
100 West Nile Street, Glasgow G1 2QQ
Tel: 041-331 1241

Lace Manufacturer

For sale as a going concern

Six looms for Nottingham furnishing lace.
Four terylene warp knitting machines with warping plant.
Skilled workforce of 22.
Freehold factory of 1,500 sq metres.
Location—Darvel, Ayrshire.
Further particulars from
RefFHM/CSJ
Tel: 041-248 7932
Telex: 779338.

Deloitte Haskins+Sells
100 Wellington Street, Glasgow G2 6DJ.

NORTH SEA OIL SERVICE COMPANY

BASED IN ABERDEEN
FOR SALE AS A GOING CONCERN
PROFITS BEFORE TAX AVERAGE £100,000 PER ANNUM
Principals only apply
Write Box G9719, Financial Times
10 Cannon Street, London EC4P 4BY

COMPUTER PERIPHERALS

An opportunity to acquire an expanding and profitable distributor of computer ancillaries and supplies to both trade and end users. Turnover £2 million. Modern leasehold premises in North London. The activity is outside main interests of parent company.

Principals only please write to Box G9718
Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE AS A GOING CONCERN

FILM/VIDEO PRODUCTION HOUSE

Full production facilities located 15 miles from London, capable of being consolidated with compatible operation.

Turnover approx. £600,000.

Substantial tax losses available. Would ideally suit a profitable film maker who could additionally benefit from rationalisation.

A merger could also be contemplated. Alternatively we would consider the purchase of a profitable film production house.

Principals only please contact:
J. CREAMER, MACINTYRE HUDSON
Chartered Accountants
31 Castle Street, High Wycombe, Bucks
Tel: 0494 41226

Computer Aided Design Bureau

Nr Wimborne, Dorset

Providing PCB, IC and mechanical designs for major UK based companies.

Major assets include modern leasehold premises, CALMA computer systems, office furniture and equipment. Also included are standard and in-house software conversion programs.

For further information please apply in writing (Principals only) to P.E. Oakley-White F.C.A.

Deloitte Haskins+Sells
Wheatsheaf House, 24 Bernard Street, Southampton SO9 1QL.

RUBBER COMPONENT MANUFACTURER

FOR SALE

Located in freehold premises in the South of England.
Turnover £1.8 million p.a. Good Order Book

Principals only please reply to Box G9726
Financial Times, 10 Cannon Street, London EC4P 4BY

NORTH GLOUCESTERSHIRE

ELECTRICAL/ELECTRO-MECHANICAL MANUFACTURING UNIT

Production of design proven high quality products in modern 2,500 sq ft leasehold premises adjacent to M5 Motorway. Current year turnover projection of £200,000 showing a good proven gross margin
Excellent prospects, sensible reason for sale

Telephone John White between 2 and 5 pm on 0386 858792

DIVERCO SELL COMPANIES NATIONWIDE

Priced £0.1m-£3m plus
sellers and buyers write or phone:
Peter M. Dodgson, M/D
DIVERCO Ltd.
4 Bank Street, Worcester
0905 22303

FOR SALE

SMALL SHEETMETAL WORK AND WELDING COMPANY

This family business, located in South Humberside area and established for 25 years, is for sale as a going concern due to the forthcoming retirement of the principal. Long leasehold factory with turnover in excess of £200,000 and trading profitably.
Further details from:
Box G.97.24, Financial Times,
10, Cannon Street, London EC4P 4BY.

Businesses for Sale

STRUCTURAL STEEL FABRICATION AND ERECTION, METAL TREATMENT, BUILDING DESIGN AND CONSTRUCTION

Modern Engineers of Bristol (Holdings) PLC and Subsidiary Companies

Offers are invited for the trading assets and undertakings of the businesses comprising this long established group of companies.

There are 142 employees many with extensive experience and skill in the industries concerned.

Group turnover was approximately £9m in 1983.

Further details from The Joint Receivers Nick Lyle and Ipe Jacob. Reference IJ/SS Fairfax House, Fulwood Place, London WC1V 6DW. Telephone: 01-405 8422. Telex: 28984.

Thornton Baker

FOR SALE
27% STAKE IN BERWICK SALMON FISHERIES PLC

FOUNDED IN 1856

Balance held by over 100 other shareholders — Stock Exchange dealings under Section 163 (2) — owns profitable Salmon Fishing Rights of River Tweed

PRICE £80,000+

Being nett asset value of holding

Offers to Peter C. K. Chin
BERWICKSHIRE & BORDER
INVESTMENTS LTD
Greenstar House, 11 Hare Lane
Claygate, Esher, Surrey KT10 0QY

ABATTOIR
(London E3)

The Joint Receivers of Epping Meats (Holdings) Limited offer the assets of this Company for sale comprising:

* modern (2 years old) leasehold purpose built abattoir
* all necessary plant and equipment and chilling facilities
* traditionally specialising in Kosher and halal slaughter
* EEC export approved.

All enquiries to Nigel Aspdin,
Arthur Andersen and Co.,
PO Box 55,
1 Surrey Street,
London, WC2R 2NT,
Telephone: 01-836 1200

ARTHUR ANDERSEN &CO.

By Order of The Receiver & Manager F. Stansil, Esq. FCA of Hacker Young & Partners re: Shico Ltd

BALLET SHOE
MANUFACTURING UNIT

Fully-equipped, excellent modern leasehold works capable of early production. Formerly producing own range of shoes for UK and large export market. Production capacity for sales of £1m plus

Full details re: MKH

EDWARD SYMMONS & PARTNERS
56/62 Wilton Road, London SW1V 1DH
01-834 8454 Telex: 8954348
And at Manchester & Liverpool

BUSINESS FOR SALE

Ten year old Central Florida amusement and recreation center. Sales average 1 2 to 1.5 million a year — all cash. Excellent return on investment, 600,000 to 800,000 gross profit. Priced at 2.2 million. Full staff and management. Long term leases. High growth area with all benefits of the Sun Belt. Principals only please. Enclose necessary financial information. Substantial down payment. Terms possible.

Box G9708, Financial Times 10 Cannon Street, EC4P 4BY

PROMINENT SANITARY PHONE CARE BUSINESS FOR SALE

With patents, injection moulding tools, existing stock, sales leads, invoices tools etc. Phonecair, Le Sanophone, The Carair and The Merlin Air Cleaner are patented products which have been marketed successfully in the UK and France. Our client has serious health problems and wishes to sell the business for £25,000.

Full details from:
PRESTIGE CONNECTIONS LTD
27 Cobham Road
Ferndown Industrial Estate
Wimborne, Dorset
Tel: 0202 897536

FOR SALE or Investment Opportunity— West Country Printing Business. Books, Magazines & Colour Printing. £500,000 Turnover. Write Box G.9710, Financial Times, 10, Cannon Street, London EC4P 4BY.

"FOR SALE AS A GOING CONCERN
MIXER AND DUMPER MANUFACTURING BNSINESS

Consequent Tore-Organisation, a company engaged in the manufacture of material handling equipment has available for sale its well-known and respected mixer and dumper manufacturing facility. Turnover in the last financial year amounted to approx. £2m

Parties interested in purchasing the business as a going concern should initially contact:

MR D. ZISSMAN - TEL: 021-233 1666

FOR SALE AS A GOING CONCERN

A small chain of Bakery Shops in prime and secondary locations around Lancashire East. Two manufacturing bakeries, one large and one at the rear of a town centre shop. Ripe for consolidation. Current turnover in excess of £1m. Twenty properties available for sale or rent. Analytical details will be given to seriously interested applicants.

Write Box G9722, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE
OFFICE EQUIPMENT RETAIL BUSINESS

Busy main road shop, London postal suburb. Excellent passing trade and account business. Specialising in machines, stationery and furniture. Anticipated 1983/84 turnover £0.2m. Offers invited around £70,000 to include goodwill, long lease, fixtures etc.

Write Box G9731, Financial Times 10 Cannon Street, EC4P 4BY

AUTOMATION BUSINESS FOR SALE

Young company manufactures an advanced range of well-engineered automation handling devices (including robotics) for the assembly and process industries. Based in the Midlands. Turnover £½m pa Good order book - Excellent profit potential

Principals only need apply to Box G9735 Financial Times, 10 Cannon Street, London EC4P 4BY

80% OF UNQUOTED PLC FOR SALE

Available with clean balance sheet, net assets £100. 3m 10p shares issued, more than 500 shareholders. £400,000 tax losses

Write Box G9727, Financial Times 10 Cannon Street, EC4P 4BY

COMPUTER STATIONERY

Wholesale Computer Supply operation, based in Hertfordshire, for sale. Convenient leasehold warehouse facilities covering listing, pre-printed and mag media. T/O £400,000 p.a. increasing.

Blue Chip client list in City and Home Counties with excellent growth potential. Ideal for similar organisation or as solid base for entering market. Price £400,000, sav. Presently incompatible with holding group interests.

Principals only.

Write Box G.9739, Financial Times 10 Cannon Street, London EC4P 4BY

SHELL FOR SALE

Substantial equity interest 25% (and Board control) of small listed company for sale. Company is profitable with surplus cash balances in excess of £½m.

Principals only reply to: Box G9736, Financial Times 10 Cannon Street, EC4P 4BY

BUSINESS FOR SALE

Yorkshire Fitted Bedroom Furniture Company with excellent credentials. Reasonable offer in excess of £½m, will show 30% return (owner wishes early retirement).

Write Box G9737, Financial Times 10 Cannon Street, EC4P 4BY

PART INTEREST FOR SALE IN NIGHT CLUB
2 a.m. LICENCE

Up to 50% interest available in London Night Club £50,000

Box G9738, Financial Times 10 Cannon Street, London EC4P 4BY

DEPARTMENT STORE, for sale, as going concern, including freehold property in Westcountry market town. Turnover approaching £600,000, in profit. Write Box G.9728, Financial Times, 10, Cannon Street, London EC4P 4BY.

FOR SALE or Investment Opportunity— West Country Printing Business, Books, Magazines & Colour Printing, £500,000 Turnover. Write Box G.9710, Financial Times, 10 Cannon Street, London

YACHT MOORING, Spain. All services. Estepona, Marbella. Tel. 0532 495664. L. J. Turner.

Business Wanted

TOILETRY AND COSMETIC COMPANIES REQUIRED

In addition, product lines of major organisation considered. Current sales should exceed £1m. We are a manufacturing, marketing and distribution company in toiletry products.

Replies treated in strictest confidence

Write Box G9740, Financial Times 10 Cannon Street, EC4P 4BY

Businesses Wanted

A UK PUBLIC COMPANY
with diverse multinational interests

WISHES TO ACQUIRE A 100% HOLDING IN MANUFACTURERS OR DISTRIBUTORS OF SAFETY OR SECURITY PRODUCTS

Essential criteria are:

UK BASE
ESTABLISHED GROWTH PATTERN
HIGH ADDED VALUE (MANUFACTURERS)
MINIMUM TURNOVER £5 MILLION PA

Replies from potential vendors, which will be treated in the strictest confidence, should be sent to:

Industrial Division M.D., Box G9698, Financial Times, 10 Cannon Street, London EC4P 4BY.

U.K. BASED COMPANY

with international interests is examining opportunities in Mediterranean resort areas

The company has strong management resources covering lodging and catering in addition to expertise in transportation and marketing. Of particular interest would be complexes offering up to 500 rooms and self contained vacation unit. This capable of being operated as a could be complete or partly built with the form of involvement being by way of lease, joint venture or purchase.

Write Box G9734, Financial Times 10 Cannon Street, EC4P 4BY

WANTED
IMPORT TRADING COMPANY

We are a well-established international group and wish to acquire a company handling consumer goods such as chemists' sundries, houseware, tableware, giftware and luggage. To interest us a company should have annual sales of over £1 million (preferably well over), be based in the South East and be involved with any or all of the above products. The right company would have importing, marketing and distribution facilities and be able to benefit from links with our international sourcing network. We wish to acquire control and could provide management, but would not disturb existing management if sound and capable of growth.

Write Box G9721, Financial Times 10 Cannon Street, London EC4P 4BY

MARKETING

We are a publicly quoted marketing services company operating in a number of areas of the advertising and marketing industry. The company is recognised as the industry leader in its prime areas of business operation. We are seeking to acquire controlling interests in compatible companies servicing the UK or international advertising, marketing and publishing industries achieving a minimum pre-tax net profit of £100,000 pa.

Enquiries will be kept in strictest confidence

Principals only to write to: The Chief Executive Box G9705, Financial Times 10 Cannon Street, EC4P 4BY

COMPANIES WANTED

Client companies and investors some by whom we are retained, wish us to find and select suitable companies for:

* OUTRIGHT PURCHASE
* MAJORITY OR MINORITY EQUITY INVOLVEMENT
* INJECTION OF VENTURE CAPITAL

The interest is spread across a broad spectrum of industry with funds available from £35,000 to £5m

Please contact us with initial proposals for immediate attention:

COLLINS-WILDE ASSOCIATES LTD.
Atners Tower, Stockbridge, Hants - Tel: 0264 810410

INDEPENDENT LONDON BUSINESSMAN

Wishes to acquire as going concern or for reinvestment and development a complete book publishing house or part (eg individual titles or lists). Ideally general non-fiction, academic or reference but must have good potential.

Write Box G9729, Financial Times 10 Cannon Street, EC4P 4BY

WANTED

Well established private specialist casting company requires an Anodising/Painting business for metal applications. M.O.D. approved preferred but not essential. The buyer would require to operate on current customer base complemated by our own input. Minimum disturbance of present management and staff. Would consider acquiring a holding as an alternative.

Write Box G9719, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL NEWSLETTERS PUBLISHERS REQUIRE TO PURCHASE NEWSLETTERS DIRECTED AT THE FINANCIAL SECTOR

Write with full details in confidence to Box G9725, Financial Times 10 Cannon Street, EC4P 4BY

Is there a gap in the market ?

Are you a Specialist Chemist with a good commercial idea and contracts to make it a profitable success?

This flourishing Chemical Company could provide the necessary Financial / Technical Back-Up required.

Please contact:
J. Isaacs
Derby Luminescents Limited
Millmarsh Lane, Brimsdown
Enfield EN3 7QW

WANTED
BUSINESS WITH A FUTURE

Private company wishes to take equity stakes in existing businesses that have real potential for the future. All proposals will be thoroughly examined and evaluated in strictest confidence by our in-house team of experts. *In the first instance please write giving as much detail as possible to:*

The Managing Director
ASHWELL INVESTMENTS & MANAGEMENT LIMITED
42/45 New Broad Street
London EC2M 1QY

TRANSPORT/HAULAGE COMPANY required with or without property. Confidentiality assured. M Harrison. Tel: Barlaston (078139) 2969. Telex MALCOM 367327.

Publicly quoted Company

wishing to diversify its interest is looking to purchase a small plastics extrusion capacity with a view to product development.

All replies in strictest confidence to Box G9730, Financial Times 10 Cannon Street, EC4P 4BY

EAST ANGLIA BASED FOOD MANUFACTURING COMPANY

wishes to purchase similar Small/Medium Organisation to extend product range

Write Box G9723, Financial Times 10 Cannon Street, EC4P 4BY

Personal

CUTTYHUNK 45 "COPIHUE"

100 A1 Ketch. Maintained as new. Refitted to owner's requirements. April Lloyd's special survey. Star of any Marina. Owner building 54' Cuttyhunk. Full set of sails, all almost as new. Expensive, but absolute bargain.

For full details please contact:
Williams Boatyard, Ponsharden, Penryn, Cornwall.
Tel: Penryn (0326) 72215/73819

HUNGARY—Driven Pheasants late Nov.-early Feb. Apply Major Neil Ramsay & Co., Acerfeldy, Perthshire PH15 2JE. Tel: 0887 20523 40. Telex 76371.

HAPPY BIRTHDAY WOLFRAM.

COMPANY NOTICES

THE COUNCIL OF EUROPE RESETTLEMENT FUND FOR NATIONAL REFUGEES AND OVER-POPULATION IN EUROPE

Loan of Doll. U.S. 20.000.000.— 9¾%, 1975-1984

FINAL REDEMPTION

The holders of above mentioned Bonds are herewith informed that the amount remaining outstanding after June 15th, 1983 i.e. Doll. U.S. 2 900 000 — is redeemable at par on or after June 15th, 1984. Bonds should be presented for payment at the offices of the paying agents set forth in the prospectus and the conditions of the Bonds.

Bonds drawn by lot and not yet presented for payment:

drawn in 1979: 7452: 8781-8782: 9549-9550

drawn in 1982: 168: 331-333: 528-531: 587-588: 631-635: 920

drawn in 1983: 2699-2700: 2702: 2709: 2726-2727: 2731: 2756-2765: 2799-2800: 2827-2833: 2837: 2858-2859: 2867-2870: 2872: 2875-2881: 2890: 2906-2912: 2930: 2934-2935: 2945: 2951-2952: 2960-2961: 2972-2973: 2977-2988: 2994-3001: 3034-3043: 3053-3055: 3175-3186: 3198-3200: 3257: 3260-3261: 3280-3285: 3302-3307: 3311: 3314-3318: 3321: 3326-3331: 3336-3340: 3353: 3360: 3411-3414: 3460-3461: 3467-3469: 3479: 3483-3499: 3513: 3517-3518: 3563-3564: 3575-3579: 3583: 3591-3605: 3659: 3675-3698: 3721-3722: 3733-3735: 3754-3755: 3757: 3765-3766: 3787-3791: 3794-3870: 9574-9593: 9604-9605: 9629-9644: 9972: 10117: 10178: 10248-10249: 10251-10259: 10274-10276: 10342-10346: 10378-10380: 10387-10391: 10422-10430: 10437-10440: 10445-10449: 10461-10471: 10507: 10512-10514: 10517: 10527-10530: 10534-10535: 10561-10570: 10739-10740: 10792-10800: 10813: 10815-10817: 10834-10843: 10851-10853: 10861-10863: 10884-10886: 10905: 10948: 10953-10954: 11011: 11019-11102: 11029: 11060-11064: 11094: 11098: 11101-11110: 11114-11116: 11168-11169: 11202: 11232-11243: 11267-11276: 11377: 11423: 11448-11462: 18566

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
Fiscal Agent

Luxembourg, May 15th, 1984.

BRASILVEST S.A.
SOCIEDADE DE INVESTIMENTO D.L. No. 1401
NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that the administrative council of the company have resolved on the recommendation of the consultative council of the company that a dividend of cruzeiros 29 37 per cruzeiro share should be paid in respect of the six-month period ended on September 30, 1983. After deduction of Brazilian withholding tax at the rate of 10 pct. for the first series, 12 pct. for the second and 15 pct. for the third and fourth series, and the depositary's expenses of U.S. Dollars 0.01 per depositary share, the amount payable in respect of each depositary share (first series) is U.S. Dollars 186.31, in respect of each depositary share (second series) is U.S. Dollars 171.16, in respect of each depositary share (third series) is U.S. Dollars 142.42 and in respect of each depositary share (fourth series) is U.S. Dollars 128.51.

The dividend will be available on or after April 30, 1984 to holders of the relevant international depositary receipts by surrender of dividend coupon nr 15 attached to IDRs in respect of depositary shares (first series), of dividend coupon nr 14 attached to IDRs in respect of depositary shares (second series) of dividend coupon nr 11 attached to IDRs in respect of depositary shares (third series) and of dividend coupon nr 9 attached to IDRs in respect of depositary shares (fourth series) at any of paying agents:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
—Brussels, 35, avenue des Arts
—New York, 30, West Broadway
—London, 1, Angel Court
—Zurich, 38, Stockerstrasse 8CH 8022

S.N.C.F.F.
(Societe Nationale Des Chemins De Fer Francais)
6 ¾% 1967-1985
U.S.$30 000.000.—

NOTICE TO BONDHOLDERS

The U.S.$2,000,000.— redemption instalment due June 15, 1984 has been met by a drawing of bonds by lot on April 18 1984 in the presence of a notary public.

Distinctive numbers of the bonds drawn:

1 912 inclusive (taking account of previous repurchases).

27751 30000 inclusive (taking account of previous repurchases).

Outstanding amount after June 15, 1984 U.S.$2.000.000.—

Bonds drawn will cease to bear interest on June 15, 1984 Bonds presented for repayment must have their coupons as at June 15, 1984 and subsequents attached and will be paid in accordance with the conditions shown on the bonds.

Previous redemption instalments:

15.06.1978:	Nos 2913-4590	inclusive
15.06.1979:	Nos	20300-22880 inclusive
15.06.1980:	Nos	17015-26046 inclusive
15.06.1981	Nos 4615-9773	inclusive
15.06.1982:	Nos	9774-14920 inclusive
15.06.1983:	Nos	14921-27750 inclusive

The Fiscal Agent
BANQUE PARIBAS (LUXEMBOURG) S.A.

Notice to the Holders of Bonds of the Issue 9% 1977/1995 of U.S.$50,000,000 made by the EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of Bonds amounting to U.S.$1,750,000 has been purchased for redemption on 15 June 1984.

Amount in circulation after 15 June 1984 U.S.$37,750,000.

THE COMMERCIAL BANK OF THE NEAR EAST PLC

NOTICE IS HEREBY GIVEN that the Fifty-second Annual General Meeting of this company will be held at its Registered Office, 107-112, Leadenhall Street, London EC3A 4AE, on Monday, 25th June, 1984, at 11 a.m., for the following purposes:

1. To receive and adopt the Directors' Report and Accounts for the year ended 31st December, 1983.
2. To declare a dividend.
3. To re-elect the retiring Directors.
4. To re-appoint the retiring Auditors and to authorise the Directors to fix the remuneration of the Auditors for the current financial year.
5. To transact the business of an Ordinary General Meeting.

By Order of the Board,
N. M. PEGGIE,
Secretary

107-112, Leadenhall Street,
London EC3A 4AE.
9th May, 1984.

Notes:

1. Any member of the company entitled to attend and vote at the above Meeting may appoint another person who need not be a member of the Company as his proxy to attend and vote instead of him.
2. There are no contracts of service which are required to be made available for inspection at the meeting.

THE COMMERCIAL BANK OF THE NEAR EAST PLC

NOTICE IS HEREBY GIVEN that the Share TRANSFER BOOKS of the above Company will be CLOSED from the 12th June to the 22nd June, 1984, both days inclusive.

By Order of the Board,
N. M. PEGGIE,
Secretary.

107-112, Leadenhall Street,
London EC3A 4AE.

TAYLOR WOODROW INTERNATIONAL FINANCE B.V.

The annual report and accounts for the year ended 31st December, 1983 of the above company and those of Taylor Woodrow plc have been published and are available from the offices of Hoare Govett Limited, 27, Throgmorton Street, London EC2 2AN.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

CONTRACTS & TENDERS

SYRIAN ARAB REPUBLIC

Public Establishment of Electricity

Financial Directorate — Extern contract section

Extern Call for offers No. 1536

Following our advertisement of the call of Tender No. 1536 for the extension of Mehardeh thermal power station by the addition of 2 x 150 MW units which is mentioned in the daily official Bulletin No. 4687 dated 15/1/84.

The closing date for presenting the offer is extended until Wednesday 30th May 1984.

Drawing your kind attention that this extension is the final and we could not extend the call of Tender once again.

THE GENERAL DIRECTOR OF PEE
ENG. R. IDRISS

Damascus 1984

Appointments

Vacancy of Chief Public Health Inspector

Dubai Municipality announces the vacancy of Chief Public Health Inspector with accordance of the following specifications and conditions:

Basic qualification and experience.

1. Applicant should have obtained a Degree or Diploma in Public Health Inspection or Environment Health from a recognised Educational Establishment in Europe or America.
2. Applicant should also have passed Diploma Examination in Meat and other Foods Inspection, or its equivalent qualification.
3. Applicant should at least have experience not less than 10 years in this field, but should not be more than 45 years old.

Salary and other privileges.

1. The selected candidate shall be given a monthly salary not less than Dh. 6,000/- according to the qualifications and experience.
2. The selected candidate will be given a free furnished accommodation with free water and electricity, in additional to means of transport.

Applications shall be received through registered mail addressed to Director of Dubai Municipality not later than 15.6.84.

DIRECTOR
DUBAI MUNICIPALITY
P.O. Box 67, Dubai, U.A.E.
Telex: DB 45688 BALDYA

Publico 8456

C. ITOH & CO., LIMITED
To the Holders of the Bearer Depositary Receipts
Public Notice of Resolutions of the Board of Directors concerning the Issuance of Bonds with Warrants

TO: ALL SHAREHOLDERS

Please be advised that the issuance of bonds due 1989 with warrants to subscribe for common stock of the Company, the particulars of which are described hereunder, were duly approved at meetings of the Board of Directors held on April 25 and May 4, 1984 respectively.

C. ITOH AND CO., LTD
68 Kitakyutaromachi 4-Chome
Higashi-Ku, Osaka
Isao Yonekura
President and Director

PARTICULARS OF THE BONDS DUE 1989 WITH WARRANTS TO SUBSCRIBE FOR COMMON STOCK OF THE COMPANY.

1. AGGREGATE AMOUNT OF ISSUE: U.S.$50,000,000 and the sum equal to the total principal amount of replacement bonds to be issued in case of loss, theft or destruction of the bonds, subject to appropriate evidence and indemnity being obtained.
2. ISSUE PRICE: 100 per cent of the par value of the bonds.
3. INTEREST RATE: 7.50 per cent per annum of the par value of the bonds.
4. DATE FOR SUBSCRIPTION PAYMENT AND DATE OF ISSUANCE: May 22, 1984 (London time).
5. FINAL REDEMPTION DATE: May 22, 1989.
6. DETAILS OF THE WARRANTS

(1) TOTAL ISSUE PRICE OF SHARES PER WARRANT
The total issue price of shares that may be subscribed for upon the exercise of a warrant shall be 1,136,500 Yen (this amount being obtained by translating the par value of the bonds at the exchange rate of 227.30 Yen for US$1.) per bond with par value of US$5,000.

(2) ISSUE PRICE (WARRANT EXERCISE PRICE) OF SHARES ISSUED UPON THE EXERCISE OF A WARRANT
The initial warrant exercise price shall be 340 Yen per share. Except in certain cases, no fraction of a share will be issued upon the exercise of a warrant.

(3) ADJUSTMENT OF THE WARRANT EXERCISE PRICE
The initial warrant exercise price per share may be adjusted from time to time in accordance with the following formula in the event that after the issuance of the bonds the Company shall issue new shares of its common stock for a consideration less than their then current market price:

$$\text{Warrant exercise price after adjustment} = \text{Warrant exercise price to adjustment} \times \frac{\text{Number of shares Issued} + \dfrac{\text{Number of shares to be issued} \times \text{Consideration per share}}{\text{Current market price per share}}}{\text{Number of shares issued} + \text{Number of shares to be issued}}$$

Appropriate adjustments shall also be made in the event of stock dividends, the free distribution of shares, the issuance of any convertible bonds with a conversion price inferior to the then current market price or upon the occurrence of other specified events. However, unless permitted by law, the warrant exercise price per share shall not be lower than the par value per share of common stock of the Company.

(4) DESCRIPTION OF THE SHARES TO BE ISSUED UPON THE EXERCISE OF A WARRANT
Registered shares of common stock with par value of the Company (par value per share of 50 Yen).

7. WARRANT EXERCISE PERIOD
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THE ARTS

Gardner Centre, University of Sussex/William Packer

Sir Roland Penrose and Lee Miller remembered

Sir Roland Penrose, who died at Easter at the age of 83, occupied a peculiar, largely self-created position in the British art world: Grand Old Man certainly—though until his last illness it was hard to believe he was as old as all that—but in particular, *primus inter pares*, the true elder statesman of modern art in this country, that is to say the international art of our time, ambassador abroad and champion at home of all that was most engagé, advanced, stimulating and controversial.

He came of an artistic background, though one of a most conventional kind, his father a successful Edwardian academic painter whose work was high in moral tone and Quaker principle. From the start he entertained artistic ambitions of his own, albeit so nebulous and unresolved at first as to see him up at Cambridge in his early twenties, still casting around for a true direction. But there, through his acquaintance with Maynard Keynes, he came upon the Bloomsburies with their then radical ideas on life and art, met Fry and Bell, and saw for the first time the work of Cézanne, Picasso, Matisse. Then indeed was his course set, which, with all its vagaries and sudden deflections, he was to follow with such energy and conviction for the rest of his life. Off he went to Paris to study the life of the painter and become an artist, enjoying his father's mild disapproval and tacit support; and so it was that at a time when most of his contemporaries, and certainly the most talented of them, were still constrained by English post-war insularity, Roland Penrose found himself at the heart of affairs, and soon the intimate of the protagonists of modernism.

He always thought of himself as an artist before all else, and as a surrealist in particular; for surrealism claimed him in its principles and practice from almost that first time in Paris, when the younger movement was establishing itself as quite distinct from the radical anarchism of Dada while yet exploiting the opportunities it afforded, and also the technical devices that came out of cubism and constructivism. Collage, that visual shorthand of modern art, was his natural metier, often the *working study* for his paintings but more and more fully resolved in its own terms, an expressive end in itself. The serial, repetitive image, a post-card perhaps or magazine photograph repeated as it were an emphatic visual mantra until its literal reading is subsumed in a broader, more general organic image, became something of a personal trademark in his work even in the 30s; and these collages of the last year or two (the very last series of all made just this spring), now on show in a commemorative exhibition at the Gardner Centre Gallery of the University of Sussex (until May 31), are in just this way as characteristic as ever.

But it was never his art itself *which made him so special to* us and so important, so much as the fact of his being an artist. Sharing directly in the artist's sensibility, which is a great privilege, cultivating a vision of his own, and enjoying an extraordinarily wide and well-placed friendship with his great contemporaries, Penrose almost more than anyone else in his time was in a position to know, with the greatest acuity, just what was going on. Modest but serious in his own talent, he was all the more interested and generous at large—which is not always the case in those of greater gifts: and it was by the sheer range of that judicious sympathy, expressed not only in his writings but in direct action, that he was able to make his own peculiar and lasting contribution to our national cultural life.

In the days before arts councils and the assumption of state patronage and intervention, days of a comatose and parochial national collection at the Tate and a public even more hostile and ignorant of modern art than it is today, it was no small thing to try to bring out and celebrate the very best that was being done. Penrose was one of the prime movers in the organisation of the International Surrealist Exhibition in London in 1936, which now seems more and more brave and extraordinary an enterprise the more we consider it; and he was a leader of the Surrealist Group *that came out of it. Two* years later, through his long-standing friendship with Picasso, he was instrumental in bringing 'Guernica,' with all its preliminary and study material, to London; and in that time he had established his own gallery, The London Gallery in Cork Street, that had become at once a focus for avant garde activity here.

And after the War, a time when an official exhibition at the V & A of the wartime work of Picasso and Matisse could still be construed by many as something of an insult to the British public, he again set about stimulating and organising the activities of his peers, provoking discussion, stirring up creative controversy, all for the sake of Art. The Institute of Contemporary Art, of which he was co-founder in 1947 and its first director, became the natural focus for this renewed activity, and though it is a very different beast today, remains, as it should be, his memorial.

Perhaps, though, it is rather in the memory that the ICA of his achievement really remains, the memory of those cramped and hectic upper rooms in Dover Street that were for nearly 20 years its headquarters, the scene of exhibition, discussion, endless improvisation. For Roland Penrose really believed that all Art is in essence one, and that all artists of whatever discipline should be thrown together, to feed off their differences quite as much as their agreement. He believed above all that the visual and plastic artist was peculiarly well-placed to be the agent of such intercourse, so naturally sympathetic as he should be to all the other civilised arts. He was a true enthusiast and his enthusiasms were persuasive and infectious. But the ICA is no longer that sort of club, and no longer central to anyone's practice or creative interest, excellent though so much of its work still is.

In 1947 he had married Lee Miller, an extremely gifted photographer and a great beauty, whom he had known before the War as an habitué of the Parisian surrealist world. She, who died in 1977, shares this small show at the Gardner Centre with her husband, beautifully represented by a choice group of her work in the fifties, by which time they had moved from London to make their home at Farley Farm on the Sussex Downs. Several aspects of her work are covered: portraits and conversation pieces composed of their friends and colleagues who had come to stay—Picasso, Moore, Eluard, Ernst, Sonia Orwell, or just Bill White, the gardener, with his grandson assistant; and there are the Sussex views and landscapes around the farm; and the professional fashion shots that use the farm as a natural, unforced yet wonderfully elegant location. Lee Miller in Sussex is perhaps no more than a delicate and arbitrary aperitif for a proper, somewhat overdue study of her life's work, but it is a delightful treat nonetheless.

Sir Roland Penrose in his studio at Farley Farm

Monte Carlo Philharmonic/Festival Hall

David Murray

Under their music director Lawrence Foster, the Monte Carlo orchestra called at the South Bank on Sunday with an all-French programme. Their *opening Bizet—the very early* Symphony in C—was a little stiff, missing the insouciant air that chiefly endears the Symphony to listeners; there was a good, plangent oboe, but also wiry strings without bounce. Thereafter everything went far better. It is a faithful, responsive orchestra, without any spectacular components, but apt for displaying Foster's idiomatic command of the French repertoire.

With their Bizet duly despatched, they were joined by Tamas Vasary for Ravel's two-hand Piano Concerto. I have rarely heard Vasary in such rewarding form, clean-fingered and alertly sympathetic: a stern purist might have thought he began the Adagio a notch too slow and etched the tune too forcefully—but his calculated waywardness struck me as wholly successful, and he turned the ornamented blues-tune in the Allegramente immaculately. *Foster's tact and elegance* matched his soloist's, and the first-desk woodwinds shone: if only the Monte Carlo first trumpet were of the same calibre! But he didn't spoil what was, all in all, a captivating performance. (The harp cadenza makes a better effect without the double-speed glissandi that gilded the lily, though.)

Ravel's suite *Ma Mère l'Oye* was beautifully treated: impeccable tempi, no indulgent swoops, limpid (if slightly reticent) winds. The Monte Carlo leader went momentarily adrift far above the stave in "Les entretiens de la Belle et de la Bête"—in which the feelings of a tender dialogue was captured uncommonly well—but made amends with his "Jardin féerique" *solo, breathing delicate passion.* That was one of many passages to which Foster brought a sensitive ear, achieving magical textures; the Oriental glitter of "Laideronnette" was more *subtly* balanced than in any routinely efficient performance.

The Philharmonic concluded with the sumptuous second suite from Roussel's *Bacchus et Ariane* ballet, one of the sturdiest offshoots of the Franco-Russian musical *entente*. The colours glowed, and the dance-rhythms were kept properly to the fore. The long, sectional Finale changes metre dangerously often, and conductors are liable to drop a stitch here and there; Foster didn't, and preserved an unbroken impetus straight through to the last exuberant blaze. The orchestra can pride itself on a successful visit—and here at home, we ought to hear Foster more often in French music. He is a scrupulous stylist.

Mitsuko Uchida/Radio 3

Andrew Clements

Miss Uchida's BBC lunchtime recital from St John's, Smith Square, yesterday paired Schoenberg and Schubert, the three Pieces op. 11 with the G major piano sonata. In terms of duration the Three Pieces formed only a brief prelude to the sonata, but Miss Uchida entirely dispelled any impression of miniaturisation, suggesting instead (and quite correctly) larger scale structures that had been stripped down and compressed without in any way diminishing their expressive weight or the size of their climaxes. If she linked them more consciously towards earlier, tonal Schoenberg than to the later, atonal miniatures they sometimes prefigure, it was not by superimposing any romantic gloss or richness — sonorities were consistently crisply defined, changes of texture acutely rendered.

The Schubert sonata was played with its first movement repeat observed, and further extended by Miss Uchida's choice of a leisurely tempo for the opening — not as slow as some (notably Richter) but below the norm. She almost sustained it; the spell of concentration faltered towards the end of the exposition on both occasions, when the most beautifully sustained tone and phrasing could not revive it. The slow movement, however, brought no further insights, indeed appeared strangely prosaic after the exultation of its predecessor. One could forgive very much, though, for the ravishing trio, and also for the finale, floated to extinction with charming delicacy and tact.

Louisiana State Museum/Frank Lipsius

Louis XIV: The Sun King

As the main off-site attraction of the New Orleans World's Fair, which opened this month, the exhibit of 240 paintings, documents and objects depicting the life of Louis XIV makes him the honoured guest of the state named after him. Organised by the Louisiana State Museum, *The Sun King: Louis XIV and the New World* consists almost entirely of pieces borrowed from France with the purpose of reviving interest in America's French roots.

A number of pieces, like the Apotheosis of Germanicus, an ancient Roman cameo Louis bought, even in his time, for £7,000, had never been lent before, while the show also dotes on the Sun King's most characteristic symbols, like Hyacinthe Rigaud's world-famous portrait of Louis at age 63, resplendent in ermine and high heels, and a 20-foot Gobelin tapestry depicting Louis choosing objects from Gobelin's own atelier.

A historical museum is more likely to produce a show meant for the National Portrait Gallery, say, than the National Gallery. This one has the advantage of concentrating on a man steeped in the arts. The centralisation of power in the court in Versailles encouraged the King's patronage of the arts as much as the intrigues with which he surrounded himself.

The arts in Louis's court covered architecture and landscape, along with painting, theatre and pageantry. All have their place in the show, with splendid original drawings of the layouts of Versailles and its gardens. Among the rarest objects on display are ornate liturgical silver pieces which escaped the melting of 55,000 pounds of silver and gold in Louis's later years when foreign wars depleted the nobles, as well as the king's treasury.

The last of the dozen galleries shows Louis's impact on America. Permission granted to La Salle to explore the western area of "New France" from its Canadian origins down the Mississippi ultimately resulted in the founding of New Orleans in 1718, three years after Louis XIV's death. As with the Spanish, French interest in the new world was strongly motivated by the desire to convert natives while rooting for tangible worldly reward in precious metals. The search turned up exotica like buffalo, as primitively drawn on one map of the new world's treasures, and alligators, which inspired European imaginations to make them part of the earliest symbols of America.

In taking their historical mission seriously, the show's curators were not shy to include written documents that lack the *visual flair of the king's artists* but arouse a historian's excitement at seeing the original signatures on France's copy of the Treaty of Utrecht. One written document in an artist's hand is a letter from the Ottoman sultan in a gracious Arabic script sprinkled in gold powder, with which the document was dried.

Statue of Louis XIV by Jean Gobert the Younger

The artistic awakening of Argentina

Jimmy Burns, in Buenos Aires, reports on a flowering of the arts in a more liberal climate

Slowly but surely Buenos Aires is recovering its status as the undisputed cultural capital of South America. The lifting of censorship; funds made available by the Culture Ministry; and the demise of the death squad as the minion of public morality have followed the return of civilian government under Sr Raul Alfonsin. As a result the local arts scene is now a busy hive of talent, imagination, and experiment.

The city is still lacking good art galleries, the National Ballet Company verges on the amateur, and "fringe" still gets inadequate *publicity* in the local press. Nevertheless local theatre, in volume and quality, compares favourably with that of almost any large European or American city with the exception of New York and London. "Porteno" culture moreover seems to me to have that extra spark which accompanies profound political change. Actors and actresses, who until a few months ago were on the military's banned "black list," have emerged in the spirit of those who contemplate the *morning* sun after a night filled with nightmares. There is a special energy about them.

The *emerging* Mecca of the "new culture" is the Centro y Teatro General San Martin. This huge and modern building just off the Calle Corrientes, the city's Broadway, is a Kennedy Centre and South Bank rolled into one. A generous outpouring of new shows are being played out in 11 auditoria competing for the attention of practically every taste and generation. On a good day the San Martin presents the visitor with a magical mystery tour from a live debate on Buddhism and Zen to a popular adult circus. In between there is a wealth of experimental theatre including a hard-hitting political play called *Knepp*.

The play, written by the talented Jorge Goldenburg, is an acute synthesis of the trauma of political repression. Lusiana Brando gives a moving performance as the young wife whose only form of communication with her husband—one of the estimated 10,000-30,000 "disappeared"—is through a periodical phone call arranged by anonymous torturers. A glimmer of hope that the couple may one day be physically reunited is presented by Dr Knepp (a convincing performance by Enrique Liporace), a sinister "scientist" who barges into Brando's room in the opening scene claiming to be conducting an investigation into the psychological reactions of victims of the state.

The plot twists and turns in on itself like a Borge's short story. Only at the end does it resolve itself in tragedy when Knepp reveals himself as a Government agent bent on forcing his latest victims to accept the "disappearance" of her husband as irrevocable and justified. That one is never quite sure where symbols end and real people begin makes *Knepp* all the more disconcerting.

Elsewhere in the city current new shows include a musical based on the life of Georges Sand, one man plays on the works of the Spanish poets Lorca and Machado; a sophisticated if rather camp mime extravaganza; and good local productions of Dario Fo's "Accidental Death of an Anarchist" and Pam Gem's "Piaf." But as a mixture of sheer entertainment and measured political statement, Nacha Guevara's one-woman show *Aqui Estoy* (Here I Am) stands in a league on its own.

"I've lived better times, bad times . . . watched winters pass, seen dictators die . . . only God knows what I've been through . . . and yet here I am," sings Guevara, interrupting a running monologue on her real and imagined history—"You don't know how much trouble I've had convincing people I'm no relation to Che." she jokes in one of countless asides.

The autobiography is no exaggeration. In 1975 Guevara took a premature final curtain when a bomb exploded in the hall of the theatre, killing two people and injuring several others. Nacha fled the country and for nine years of exile roamed the world. She has managed to build up a reputation from Madrid to New York (where she was commended with an Entertainment of the Year Award for a performance at the Kennedy Centre), absorbing musical influences and tempering the bitterness she felt towards her own country.

Guevara has made a defiant and triumphant comeback with a breathtaking show which combines cabaret, music hall, jazz, rock and tango in a flight of contemporary musical diversity worthy of the best of Lloyd Webber.

There are moments when Guevara moves like Minelli, sounds like Piaf, but she never quite gives the impression of being a simple hybrid. Her originality is to be found in her physique and repertoire, both of which challenge the sensitivity of a local audience moulded for too many years on orthodoxy and stereotype.

From the moment that the theatre is plunged into darkness and a solitary icy spotlight follows Guevara's strutting long legs on to the stage, to the final encore when a painfully ironic "Don't Cry For Me Argentina" is delivered in Evita's own language, the show carries itself off with the self-assurance of a confirmed Broadway hit.

Two moments deserve special mention in that between them they demonstrate Guevara's versatility as actress and singer. The first is when she walks across the stage in total silence, turns on an old twenties gramophone and sings in perfect harmony to a recording of Argentina's most famous pre-war tango, Carlos Gardel. The second is when she moves front stage and like a statue delivers the Hymn to Freedom written by Gianfranco Pagliaro. Guevara distinguishes herself in summarising the broken dreams and *suffering* which has made Argentina what it is.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 11–17

Opera and Ballet

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Ends June 16.

New York City Ballet (New York State Theater): 37 repertory works, including 24 by George Balanchine and 10 by Jerome Robbins, comprise the spring season, featuring this week a world premiere by Peter Martins. Ends June 24. Lincoln Center (870 5570)

The New Moon (Light Opera of Manhattan): Sigmund Romberg's tale of French Louisiana in the 17th Century includes the songs Wanting You and Lover Come Back To Me. Ends May 27. 334 E 74th (861 2288).

PARIS

Roland Petit and the Ballet National de Marseilles at the TMP-Châtelet (info: 2330000, bookings: 261 1983).

Traditional Music from India (6.30 pm) and Bejart influenced Gyor Ballet from Budapest (8.30 pm). Théâtre de la Ville (274 2277).

LONDON

Royal Opera, Covent Garden: the latest revival of L'elisir d'amore marks Sir Geraint Evans' final series of public appearances; the cast also includes Luis Lima, Sona Ghazarian, and Ingvar Wixell, with Gabriele Bellini (London debut) conducting. Last performances of Britten's Midsummer Night's Dream, in which a largely new cast is led by the familiar Oberon of James Bowman. (240 1066).

English National Opera, Coliseum: The season draws towards its close with the new production (dogged and dull to the eye) of The Sicilian Vespers, a rare Verdi opera lent lustre by the singing of Rosalind Plowright and Neil Howlett; also the Rosenkavalier revival offering a particularly notable central trio (Barstow, Burgess, Anne Dawson), and The Magic Flute with Rowland Sidwell and Valerie Masterson. (278 8916).

Dominion Theatre: Moscow Classical Ballet with Ekaterina Maximova as guest in The Creation of the World (Wed and Thur).

Royal Opera House, Covent Garden: A triple bill of Argan, Return To The Strange Land and Derek Deane's Fleeting Figures.

Sadler's Wells, Rosebery Avenue: London Contemporary Dance Theatre season opens on Tuesday with a triple bill. (278 8916).

WEST GERMANY

Berlin Deutsche Oper: La Traviata with Julia Varady, Giorgio Lamberti and Leo Nucci; Pelleas und Melisande, produced by Götz Friedrich, with Karen Armstrong and Ryland Davies; Madame Butterfly with Raina Kabaivanska in the title role. Die Entführung aus dem Serail has Karin Ott and Alejandro Ramirez. (34 381).

Hamburg, Staatsoper: Die Entführung aus dem Serail is again added to the programme starring Mariella Devia and Peter Schreier. (35 11 51).

Cologne, Opera: Falstaff was highly acclaimed with Walter Berry in the title role. The Magic Flute is worth a visit with Edith Mathis and Martti Saiminen. Fidelio features Kathryn Montgomery-Meißner and Hermann Winkler. (20 761).

Stuttgart, Württembergische Staatsoper: There was much applause for Hans Werner Henze's Don Quichotte, produced by Andreas Meyer Hanno. It has Mario Brell in the title role. Die Entführung aus dem Serail has fine interpretations by *Alfred Kuhn and Ursula Koszut.* Further performances are Gluck's rarely-played Iphigenie auf Tauris, Don Pasquale and Rigoletto, sung in Italian, with Igor Filipovic and Roland Wolansky. Figaro's Hochzeit rounds off the week. (20 321).

Frankfurt, Opera: La Traviata has Nelly Miricioiu in the title role. Die Lustige Witwe is a well done repertoire performance. Lulu, with a complete third act, is conducted by Michael Gielen. Cappriccio returns with Judith Somogi making her debut as conductor, as well as Helena Doese in the part of the countess. Madame Butterfly is a Harry Kupfer production and has Yoko Watenabe outstanding in the title role. Carmen has guest conductor Manfred Ramin (25 621).

Munich, Bayerische Staatsoper: Der Rosenkavalier with Gwyneth Jones and *Brigitte Fassbänder starts* the week. Aida with Livia Budai, Giorgia Lamberti and Garbis Boyagian, directed by Nello Santi highlights the week. Elektra has Strauss' specialists Julia Varady, Ingrid Bjoner and Sabine Hass. Die Entführung aus dem Serail stars Edita Gruberova and Cloes H. Ahnsjö. Don Pasquale closes the week (21 851).

ITALY

Florence: Teatro Comunale: As part of Florence's Maggio Musicale, a new, and controversial production of Rigoletto directed by Yuri Lyubimov. The recently-exiled Russian's insistence on adequate rehearsal and punctuality has so far led to the resignation of the conductor and two *principals (they claim to disagree* with his interpretation). The conductor will now be Hans Graf, with Antonio Salvadori in the title role, and the young greek soprano, Jenny Drivala. (21 62 53).

Rome: Teatro dell'Opera: Parsifal, conducted by Wolfgang Rennert, with Sven-Olof Eliasson, Gabriele Schnaut and Karl Bidderbusch. (48 17 55).

Turin: Teatro Regio: The world premiere of Gargantua (librettist Azio Corghi and composed by Augusto Frassinetti) – an opera in two acts based on Rabelais's masterpiece. The opera has already suffered the sort of censorship Rabelais knew over four centuries ago. Conducted by Donato Renzetti. Boris Bakor/ Delfo Menicucci (Gargantua), Enrico Fissore (Gargamagna), Carmen Gonzales (Gargamella). (54 80 00).

Milan Teatro Alla Scala: Don Pasquale conducted by Roberto Abbado and directed by Antonello Madau Diaz (costumes by the dress-designer, Gianni Versace). (80 91 26).

FINANCIAL TIMES

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Tuesday May 15 1984

The rising cost of defence

THE CHIEF emphasis, and the chief interest, of this year's Defence Estimates lies in its account of the efforts which have been undertaken, or are planned, for greater cost-effectiveness in defence expenditure. This is a very welcome focus of attention and it should be pursued with unremitting determination. But it is safe to say that the campaign to pack a *more powerful punch for every* pound of the taxpayer's contribution will produce the fullest results only if it is pushed forward in co-operation with Britain's Nato partners, especially with those in Europe.

There are many reasons for pursuing more cost-effectiveness, even if it means treading on some highly-polished shoes. Britain spends more on defence, both in absolute terms and per head of population, than any other European member of Nato; it even spends substantially more than West Germany, despite a much lower national income. This major defence effort may be entirely appropriate in terms of the need to provide an adequate contribution to the security of Western Europe. But the diversion of very large amounts of resources, either from more socially useful or from more economically productive activities, cannot in itself be anything but a cause of rueful satisfaction.

Germany and Japan have traditionally spent much less on defence than Britain and the U.S.: they have also enjoyed much higher growth rates. Even if there is no provable correlation between the two facts, it is incumbent on the high-spenders in the British Defence Ministry to demonstrate to taxpayers that defence procurement is conducted on the most business-like lines.

Competition

This imperative is the more pressing because cost inflation in the procurement of defence equipment has proved substantially higher than the inflation rate in the rest of the economy. This excess inflation may have been due in part to inefficiency in procurement practices, in part to bureaucratic rivalrise between the services, in part to "gold-plating" in collusion between weapons designers and service chiefs; but in part it is due to the ever-escalating costs which come from the race towards increasingly sophisticated weapons systems.

The centralisation of policy-making in a combined-services Defence Staff, together with the devolution of decision-making and accountability and the creation of an Office of Management and Budget to achieve stronger monitoring of financial and management systems—these all seem sensible steps in the right direction.

Just as important will be an extension of the principle of competition to the development and procurement procedures. Analysis of some recent contracts showed, according to the ministry, that the introduction of competition produced average savings of more than 30 per cent; if these kinds of savings can be generalised through the extension of competitive principles, the cost-effectiveness of the procurement side of the defence budget, of which it represents 46 per cent, should be very substantially improved.

Nevertheless, the benefits of competitive procurement may be exhausted unless they can be combined with longer production runs, and this can only be achieved in collaboration with Britain's Nato partners, beginning with our European neighbours.

There are major difficulties in the way of transnational collaboration: geography may impose different requirements, or at least different perceptions; bureaucratic conflicts are multiplied by national rivalries; each government is under atavistic pressure to preserve national defence industries by buying nationally. The cost escalation in the price of the Tornado aircraft is sometimes cited as an awful warning of the disadvantages of collaboration.

Yet the harsh fact, which is slowly beginning to sink in, is that there are even greater difficulties in the way of *not* co-operating transnationally: the costs of hi-tech weaponry are becoming such that, in the medium-term, European countries will have only two options —to collaborate, or to become even more dependent on the U.S.

The Defence Estimates speak warmly of those steps which have already been taken in individual collaborative projects with other European countries. What is required is a more coherent drive to co-ordinate procurement requirements throughout Nato Europe. A start has been made with the list of emerging technology weapons drawn up recently by the Independent European Programme Group in Nato; it needs to be given further impetus both at this week's meeting of the Euro-Group in Nato, and as an integral part of the reactivation of Western European union.

The politics of Wall Street

MUCH has been learned in Britain since Mr Denis Healey's celebrated complaint that the economy appeared to be run by the young men who write brokers' circulars.

In the U.S., however, messages from the financial markets have a great deal further to travel before they reach the seat of government, and there is little sign even now that anyone in Washington reads brokers' circulars.

Last week, as a consequence, both the White House and the Secretary of the Treasury broke what has long been regarded as one of the fundamental rules of market politics—that any arguments between the government and the monetary authorities must be kept strictly private. This was no help at all to the embattled bond market, and, despite yesterday's soothing remarks from President Reagan, its recovery will not be assisted *either by reports that Mr Paul* Craig Roberts, the high priest of deficit finance, is still on the list of possibles to head the Council of Economic Advisers.

Other debates, too, suggest that Washington and downtown New York are worlds apart. Thus, for example, the U.S. Treasury sticks largely to a sternly disciplinarian line on overseas dollar debts (unless a crisis forces a hasty rescue, as over Argentina and more recently Peru). Wall Street longs for a stabler and less crisis-prone approach. In Congress, the U.S. Treasury is actively supporting the latest proposal to abolish withholding tax on U.S. bonds, in the hope of attracting foreign investors to help finance the federal deficit. Wall Street traders are well aware that foreign buying of U.S. securities of all kinds has slowed to a trickle this year, and wants to hear of new ways to reduce the deficit, not new ways to finance it.

The result of these and other worries has been to produce in Wall Street what is a new experience in U.S. markets, but a familiar problem in London—a buyers' strike in the bond market. This is actually potentially more dangerous in New York than in London, for it threatens the survival of some investment houses, whose collapse would not only shake confidence but lead to distress selling of large bond portfolios.

Mr Nigel Lawson, the Chancellor of the Exchequer, might then profitably use any idle minutes which arise during the seven-power economic summit next month in telling Mr Regan of British experience in addressing problems of this kind. Some British techniques are clearly only for long-term consideration, notably the abolition of tax allowances for consumer debt interest.

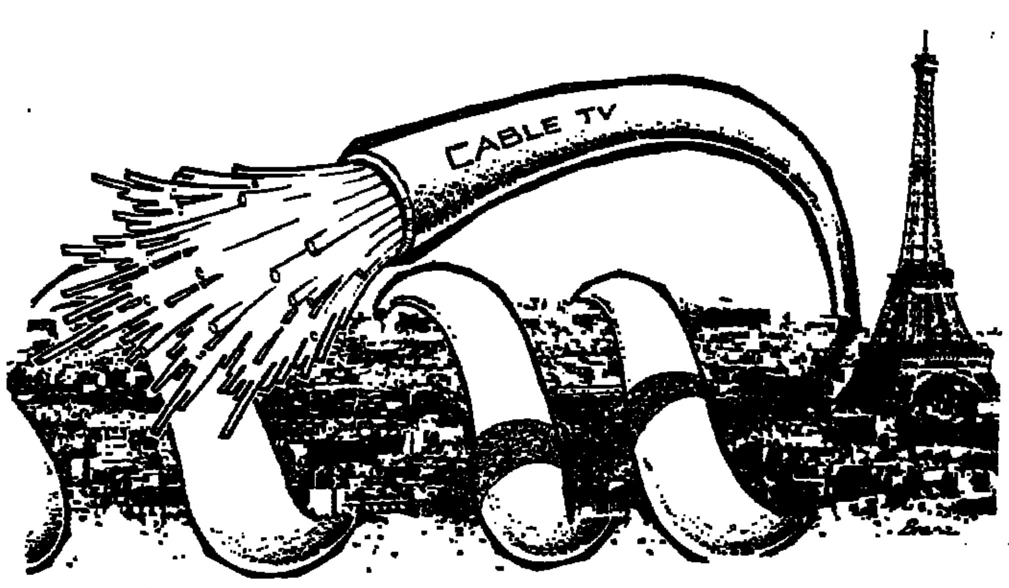
This tax reform, which has helped make it possible to cut basic rates of tax in this country, is strongly supported by American central bankers, and also has a constituency among the U.S. proponents of a flat rate tax system—mainly on the right wing of the President's supporters. This reduces the level of interest rates required to achieve any desired degree of restraint.

Less volatile

Some quicker action would, however, be possible in financing methods. British efforts to diversify the securities offered by the public sector have, after one or two false starts, produced a much less *volatile* market. Privatisation and indexed bonds, the foul-weather frend, enable funding to be maintained in bear markets. Buyers' strikes are now minor affairs.

It might help even if the Administration showed some willingness simply to discuss such questions, for it would at lease prove that the market's worries are taken seriously. What is not only undesirable but potentially dangerous is any prolongation of the present mutual distrust. Surely the former head of the world's biggest securities firm can do better.

President Mitterrand: gave the go-ahead



CABLE TELEVISION

Why France is taking such a bold gamble

By Paul Betts in Paris

IT is the most ambitious—and potentially risky—programme of its kind in Western Europe: President Francois Mitterrand has just given the go-ahead for recabling of France with optical fibres, paving the way for the introduction of a countrywide cable television service and the development of a new generation of telecommunication services.

Between FFr 45bn (£4.1bn) and FFr 60bn are expected to be spent between now and the end of the century on the scheme, which is designed to help France catch up with North America and other Western countries in cable television and become a world leader in fibre optics technology.

However, France is approaching cable television in a radically different way from other countries in Europe and North America, which have either proceeded continuously with state-backing or allowed private finance to develop networks under franchising systems (see panel).

In classic French style, President Mitterrand has adopted a centralised, interventionist approach. This could succeed dramatically but there are *also fears that it could turn* the cable venture — like previous, costly attempts to create a national computer industry—into a high-tech white elephant.

The French system will be heavily financed by the Direction Generale des Telecommunications (DGT), the telecommunications arm of the French post and telephone authority (PTT). In return, the DGT will have overall control and responsibility for the wiring and will also own the cable networks, though these *will be operated by* "mixed economy" joint ventures bringing together public and private interests.

The cable system will follow the introduction by next autumn of the country's first over-the-air pay television channel, called Canal Plus. Direct broadcasting by satellite will follow in 1986, after the launch, at the end of next year, of the French TDF-1 television satellite.

The cable plan has already provoked bitter disputes between rival French political and industrial factions. The knives have been out ever since President Mitterrand took the landmark decision in July 1982 to lift the French state monopoly on broadcasting and outlined his plans to develop new communications technologies and mass media. The satellite lobby has fought the cable promoters. The pay television and French motion picture factions (extremely powerful in France), not to mention the national television networks, viewed the coming of cable with undisguised distaste. Socialist and Communist politicians voiced their anxieties that cable networks, if controlled by strong private interests and right-wing local authorities like Paris, could become dangerous political tools in the hands of the opposition.

But the toughest lobbying undoubtedly came from the DGT, which made it clear it would never tolerate the loss of its telecommunications monopoly, even though President Mitterrand had lifted the broadcasting monopoly. The DGT watched with alarm large and influential private water distribution companies like the Generale des Eaux teaming up with important local authorities to study the construction of cable networks.

The DGT backs its interventionist approach with persuasive arguments, on paper at least. It says cable can only become economically viable if the most advanced optical fibre technology (in the jargon, the optical fibre switched-star networks) is used instead of the cheaper coaxial copper wire tree-and-branch networks used in the U.S.

The DGT points out that a great shake-out has already started in the U.S. where many franchise holders are backing away from their earlier ambitious cable projects.

Both the DGT and M Louis Mexandeau, the French PTT minister, believe that by opting for optical fibres now on a nationwide scale, France has good chances of becoming an international leader in the field.

French telecom officials like to compare the optical fibre choice for cable with the country's decision in the early 1970s to develop digital telephone *switching technology at a time* when many other countries were still working on analog switch systems. France today is a world leader in digital public telephone switches and new telecommunications hardware ranging from electronic telephone directories to other new video telephone and data transmission services.

But these grand designs could easily turn into a pipe dream. The first, and perhaps biggest constraint, on the plan is finance. By safeguarding its telecommunications monopoly, the DGT will have to foot the lion's share of the optical fibre cabling bill. Until recently, this would not have seemed a daunting obstacle. The DGT has traditionally been one of the cash cows of the French public sector. But for the first time since separate accounts for telecommunications started being kept in France 25 years ago, the DGT made a net loss of FFr 500m last year compared with earnings of FFr 2.7bn the year before.

This deficit reflects the heavy provisions against foreign currency losses which the DGT had to make to cover its large foreign debts. But it was also the result of the French Government's increasing reliance on the profitable state telecom business.

Among the new tasks that have befallen the DGT is the financing of the troubled nationalised Bull computer group.

The DGT is unlikely to get much help from the government to raise its telephone rates high enough to finance its new commitments as well as its traditional ones. Indeed, the government, committed to a tough economic austerity anti-inflationary programme, may try to tap the coffers of the DGT for additional funds, and any additional drain on its finances are bound to jeopardise the cable project.

Already the start-up phase of the project has been scaled down. The original idea was an initial FFr 12bn programme to *wire up 6m French homes by* 1992 and 1.4m by the end of next year.

M Mexandeau said at the beginning of this month that the DGT would *now* initially be investing only FFr 1bn but the 1.4m homes target should still be reached by the end of next year. The aim was to reach an annual wiring rate of 1m homes a year by 1986.

But many doubt that this 1m rate a year can be achieved so quickly. Not only will it depend on the DGT's finances, but also on the domestic industries which the DGT will contract to build the optical fibre networks.

The main French telecommunications manufacturers have been trying to develop cost effective optical fibre networks but they are not considered to have come up with a particularly efficient solution so far. Of all the domestic manufacturers, the one generally regarded to have developed the best performing system is Velec which has teamed up in a joint optical fibre cable venture with CGCT, the former French subsidiary of ITT nationalised by the left.

But because Velec is only a medium-sized company, the DGT has appeared reluctant to commit itself entirely into the company's hands.

The Velec-CGCT venture has just been awarded the first optical fibre cable contract, to wire up 160,000 homes. A second, similar contract for 160,000 homes is due to be given soon to LTT, a loss-making telecommunications subsidiary of the nationalised Thomson electronics group. LTT is being transferred to the control of Cit-Alcatel, the telecommunications subsidiary of CGE, the other nationalised electronics group, under the latest French telecommunications industry restructuring programme.

M Mexandeau, who says France has no intention at this stage of opening its cable market to foreign manufacturers, seems confident that there will be sufficient domestic optical fibre production capacity to satisfy the needs of the cable programme, and eventually of export markets.

He says there is at present domestic capacity to connect up to 200,000 homes a year. This should rise to between 300,000-400,000 homes by the end of the year. He also estimates capacity should rise to around 600,000 homes a year by 1985 and then to 1.3m homes a year in 1986.

The prospects for export sales in the short and medium term at least, seem highly uncertain. France's technological achievements in digital public telephone switching systems may provide a cautionary lesson, for these have not been translated so far into the export success that had been hoped for.

The development of cable could also be hampered by the restrictive regulations the government is adopting for cable programming and for operating networks. There is ample demand for good new programmes. The three national television channels have come under increasing attack both from the public and the country's broadcasting authority for the poor quality of their programmes.

But to protect domestic interests, the government has placed a limit on foreign programmes, restricting them to a maximum of one third of all programming on a given local cable network. Moreover, networks will have to show a minimum of 15 per cent of local programmes and invest a third of their revenues into new programmes. These cable television networks will be operated by mixed private-public companies which will pay a fee to the French telecom for making the cable facility available.

However, the private companies will be limited initially to only one venture each. This could clearly cramp large French private groups, including major publishing enterprises, keen to develop—or already developing—a presence in cable programming.

"The attempt to launch a first French cable programme in 1973-74 collapsed because of opposition from the national television networks, the broadcasting authority, a number of political figures and especially the very strong French cinema lobby," said a senior French telecom official involved in the cable programme. "Cable has always been the baby of the telecom engineers. They lost out last time. But this time it could be the turn of the telecom men to take their revenge." But at what cost?

HOW EUROPEAN COUNTRIES COMPARE

MOST European governments have been infected with an enthusiasm for cable television which goes far beyond the provision of a broader fare of TV entertainment. The great attraction is that cable systems could provide the *basis for a powerful* communications network carrying a host of new services to work and to the home.

Many governments hope that cable television entertainment will help pay for the massive costs needed to rewire advanced societies with the so-called broadband communications networks which can carry much more information than a telephone line.

At present only 8 per cent of homes in Europe receive cable TV, compared with about 40 per cent in the U.S. But European countries differ widely on how best to develop *cable TV, who should pay for* the massive capital investment involved, or even which technology should be used.

There are two broad camps. On the one hand, there are countries like France and West Germany where cable television is to be predominantly financed by public investment with the communications systems remaining firmly under control of the national telecommunications authority. On the other, countries like the UK, Norway and Switzerland are seeking private finance for cable networks which are subjected to *public regulation.*

In Britain, legislation is currently going through parliament to enable the widespread introduction of cable TV. The Bill will set up an authority to grant franchises and to regulate the industry. Operators using advanced technology will be granted longer franchises than those opting for proven technology. British Telecom intends to be a major participant and is involved in five of the 11 pilot franchises already awarded.

Cable television trials began in West Germany at the beginning of this year. *The systems are being* installed by the Bundespost, the telecommunications authority and the networks will be run by a mixture of public and private broadcasting companies.

In Switzerland, where cable TV is close to saturation national coverage, stations are run by local private operators,

Men and Matters

High chairs at BTR

BTR, having swallowed Thomas Tilling last year and now well into the digestive process, is treating itself to a new look in the board room.

The emphasis is upon youth—although Sir David Nicolson, who disclosed yesterday that he is giving up the chairmanship at 61 after 15 years in the job, is handing over to a man who is only a couple of years younger than himself.

The new chairman is to be Owen Green, BTR chief executive, who is being given his chance at the top before he gets too near to the company retirement age of 65.

The significant changes in the age structure of the board are taking place in the other seats round the table.

Two senior directors, Don Tapley and Tom Leonard, have recently retired. Four new men have been chosen from within the organisation to become executive directors.

They are Ed Sharp from the U.S., Alan Jackson from Australia, and two UK executives, Lionel Stammers and Hugh Laughland. All four are around the apparently magic age of 50.

Incidentally, Laughland is a windfall from the take-over fight for Tilling. He used to be one of six executive directors on the main Tilling board.

BTR under Nicholson and Green has set great store by *its in-house* executive talent. Within 24 hours of BTR winning control of Tilling last June, hand-picked BTR men were winging their way around at world to take command at the various Tilling operating companies.

They had been stationed at airports, complete with visas, passports, and open tickets, waiting for the signal to go as soon as the fight was over.

Nicolson, who will remain a non-executive director of BTR, is also giving up his active role in European politics. He is not standing again as Member of the European Parliament for Central London in the elections next month. Although a committed European still, he believes he can be more useful to the cause outside Strasbourg as chairman of the European Parliament Industry Council which was formed last February.

He also remains chairman of Rothmans International, and Selincourt, the textiles group.

Kaplan's score

If an original score for a Mahler symphony including 20 pages handwritten by the composer is worth £140,000 what is the going rate for 200 pages written by the master?

The question is appropriate because Gilbert E. Kaplan of New York, who is a great Mahler buff, in between publishing his financial magazine Institutional Investor, has just bought the 200-page handwritten manuscript of Mahler's 2nd Symphony. However, he stoutly refuses to say how much he has paid for it.

The worlds of music and the sale room are basing guesses upon last week's Sotheby's sale when the score of Mahler's First Symphony went under the hammer.

Kaplan purchased his manuscript from the Willem Mengel*berg Foundation in Switzerland.* Mahler's wife, Alma, gave the manuscript to the conductor, Mengelberg, in 1920. Now it has been sold to provide funds for maintaining the remainder of the collection.

Kaplan likes to share his enthusiasm for Mahler with others. Long an ardent admirer of the 2nd Symphony he celebrated the 15th anniversary of his financial magazine by conducting the American Symphony Orchestra in New *York's Lincoln Centre. It was* the first time he had ever been in front of an orchestra. But he has made up for lost time since, and this year will conduct the London Symphony Orchestra in London and Cardiff.

He says he will place the manuscript on deposit at the Pierpoint Morgan library in New York.

"12,000 mile service? There's 10 Chieftain tanks and a Tornado respray for that Mr Heseltine before you, guv"

Men overboard

The decline of the British merchant fleet is not the only reason for the National Union of Seamen losing members, it seems. An alarming headline in the union's journal reads: "Ever felt the urge to jump overboard? You're not alone, says top psychologist."

Dr A. D. Macleod, a New Zealander who used to work as a seagoing medical officer, interviewed the 70 officers and *ratings on a ship plying regu*larly between Britain and New Zealand. No fewer than half, he found, had experienced an impulse to jump over the side. This phenomenon, he says, may be the "critical and tragic factor" in the deaths of the 237 UK seamen listed as "missing at sea" between 1964 and 1978.

Macleod, who published his findings in the British Journal of Medical Psychology, refers to the impulse as "calenture" —a term coined in the 18th century for a mental disease observed in sailors in the tropics. It tends to occur on cloudless, calm tropical days when the sailor is alone, leaning on the rail of the ship, feeling tired, and reflecting upon his *life ashore.*

Miracle play

Lisbon loves a joke about Portugal's politics. The latest story doing the rounds is that Prime Minister Mario Soares, worried about the economic crisis, summoned Finance Minister Ernani Lopes, to discuss the problem.

"What are we going to do?" Soares asked. "There are two solutions, Prime Minister," *Lopes responded.* "One bureaucratic—one a miracle."

"I don't like bureaucracy very much," Soares said. "But tell me the bureaucratic solution anyway."

"Well," said the Finance Minister, "this is it. Our Lady of Fatima comes down from heaven with a cheque for $1bn in her hands."

"But that's not bureaucratic, it's a miracle," Soares exclaimed. "Oh no," replied Lopes. "The miracle would be finding a bank willing to cash the cheque."

Sharp Thorn

Proof positive that even Eurocrats have a spark of humour: Gaston Thorn was bowled a googly during his recent trade-boosting visit to Japan—Why did the EEC want Japan to buy more foreign cigarettes, asked a questioner, when the things are unhealthy and sometimes lethal?

After a hasty confab with advisers, Thorn smiled forth an answer. "We aren't asking you *to smoke them,*" he explained, "only to import them."

Observer

Letters to the Editor

Wrongful use of insolvency

From the Head of Policy Unit, Institute of Directors

Sir,—Your correspondent Mr Alfred Goldman (May 14) is wrong to suggest that the Institute of Directors did not make its voice heard on the Insolvency Law White Paper until after its publication. We did, of course, submit a memorandum well before publication.

Directors welcome the broad thrust of the Cork Committee's Report and the White Paper. Together with many others the Institute is disappointed that Sir Kenneth Cork's proposals did not emerge in the White Paper as the comprehensive package which Sir Kenneth sought. The continuing imbalance in favour of Government Department as preferential creditors unfairly penalises private sector businesses.

The Institute of Directors is now closely involved with Government in turning the proposals in the White Paper into workable legislation. Many professionals and insolvency practitioners share our view that the definition of wrongful trading needs a considerable amount of work to ensure that it does not in practice lead to the same trap as the 1975 Social Security Act, which imposes what is in effect guilt without proof of fault upon individual directors and makes them personally liable for unpaid company National Insurance contributions.

The Institute and its members are eager to enforce rigorous penalties against those who abuse the protection of limited liability. Nonetheless a definition which imposes personal liability on a test of imputed knowledge — that directors "ought to have known" that their company would not be able to pay its debts at the end of the day—must be prescribed with care; the Institute is endeavouring to convince Ministers that the familiar definitions of recklessness, or consent, connivance and neglect are appropriate means of striking the right balance.

It is because of the urgent need for first class company directors to be prepared—even at the 11th hour—to put their skills to work for companies in need of assistance that we share Mr Goldman's concern about automatic disqualification. Any proposal which leads major banks and finance houses to warn that they will be unable to continue to make non-executive directors available to the boards of companies in need must be damaging; it is clear that the concept of automatic disqualification will not get through Parliament in its present form.

G. C. S. Mather.
116 Pall Mall, SW1.

From Naomi Turl

Sir,—Your article of May 8 could have more accurately been entitled "Wrongful use of limited liability" which is, when all is said and done, the cause of the current abuses of the company winding-up procedures. It is enlightening to know that in 1855 (when the Limited Liability Act became law) that these dangers were already foreseen. Quoting from Hansard for July 26 of that year, "What, in fact, is the measure we are considering? It is a Bill to enable persons to embark in trade with a limited chance of loss, but with an unlimited chance of gain. That is a direct encouragement to a system of vicious and improvident speculation." (Mr Strutt, House of Commons.)

What has become clouded in the current debate is the distinction between directors and shareholders. It is the shareholders who are the powerhouse behind incorporation. It needs to be acknowledged that it is not directors *qua* directors who wrongfully use insolvency, it is shareholders who hold directorships.

Naomi Turl.
6, Thirlmere Road, Streatham, SW16.

Stock Exchange green paper

From Mr M. Walters

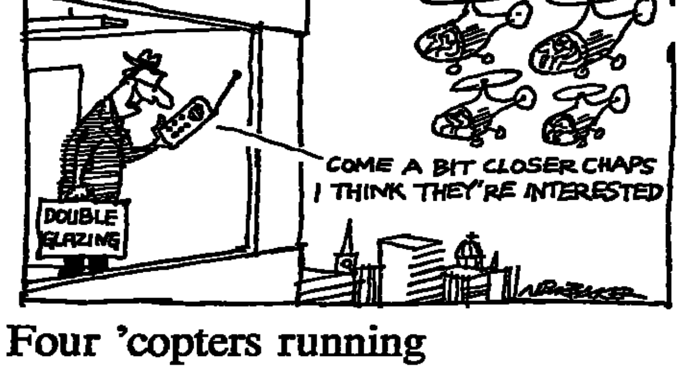
Sir,—As the discussion on the Stock Exchange council's green paper gathers momentum there is one aspect which has been seriously overlooked and this concerns the composition of the Stock Exchange council itself.

Significant numbers of the council members are partners or principals of firms which have negotiated a 29.9 per cent sell-out to a larger organisation and usually to a very substantial quoted company. By such an action those council members, having established a 29.9 per cent "comfort" for themselves and their firms, can no longer have a 100 per cent interest in the remaining Stock Exchange membership and member firms they purport to represent.

With the Stock Exchange council elections coming up next month this issue must be put to the test. Not only the chairman of the Stock Exchange himself but also others seeking re-election are partners of firms which have completed external deals.

Unless, in their re-election manifesto, those seeking our votes give a reassurance of the interests of the small- and medium-sized firms by referring the green paper back for proper discussion and consultation, it will be right and proper that their position on the Stock Exchange council must be challenged in the forthcoming election.

M. E. B. Walters.
Schaverien & Co., 18½ Sekforde Street, EC1.



Four 'copters running

From Mr K. Loudoun-Shand

Sir,—Captain Eric Brown of the British Helicopter Advisory Board challenges (May 10) claims of excessive noise from the City heliport. While reading this statement four helicopters were on the barge all with engines/rotors running simultaneously 100 yards from this building. If the owners and Captain Brown want the heliport to remain where it is then they should pay for double glazing for those nearest to the nuisance.

K. N. Loudoun-Shand,
Sir John Lyon House, 5 High Timber Street, Upper Thames Street, EC4.

No popular support

From the National Organiser, The Freedom Association

Sir,—In David Goodhart's report on the dispute over the Daily Express editorial (May 11) he refers to the Campaign for Press and Broadcasting Freedom as "growing."

Readers may be interested to know that that growth has come about not through its own efforts but simply by decree of the Greater London Council. Last year, it gave CPBF a grant of £35,000 to fund its two full-time staff and one part-timer for a year.

Without this compulsory levy on Londoners, the CPBF would collapse. It enjoys no popular support.

Gerald Hartup
360-366 Oxford Street, W1

From Mr K. Watts

Sir,—The comment in "Men and Matters" on May 11 regarding Sir Douglas Wass' support of greater freedom of information itself demonstrates the need for more of that vital commodity. Its criticism of Sir Douglas' past is based on misinformation.

Like many of his former colleagues at the Treasury, I can attest to the fact that Sir Douglas is no convert to the cause of freedom of information. He certainly has believed, for as long as I have known him, that economic policy is best defended in terms of the complete data base on which the decisions were taken.

Although the Governments under which he served may not have met these ideals, it should be pointed out that, contrary to your comment, Sir Douglas never held office. He was an appointed servant rather than an elected representative of the people.

To the extent that Sir Douglas has been transformed, it is a transformation consequent upon retirement from the civil service that enables him to talk publicly about these issues.

Kevan V. Watts
35 Frankfield Rise, Tunbridge Wells, Kent

Incentives for staff

From Mr M. Crawford

Sir,—It is not clear whether Prof Weitzman (a better way to fight stagflation, May 2) thought he was floating an original idea or merely gave that impression due to shortage of space.

The wage/salary payments system he was advocating, in the first half of his article, was fairly widely applied between the 1930s and the 1950s in the U.S., where it was known as the Rucker scheme. Variants of it were introduced by several companies in the UK from the 1950s onward. The inherent incentives, for employers and employees, differ considerably according to the specific design characteristics of the scheme. Prof Weitzman does not seem to have noticed this.

He says, for example, that General Motors would have an incentive to resist lay-offs and expand production if the workers would accept pay based on a proportion of GM's value added. (Actually he said revenue but he meant value added, since there is no way in which workers and their employers can share the income from goods and services which the company buys in from outside.)

Subject to that correction, his statement is right about the employers, but where do the workers' incentives lie?

Not with expansion of employment. Prof Weitzman says they would suffer a decline in wages "temporarily." He speculates that this decline would be reversed due to certain macroeconomic feedback effects; but the employees would be justifiably sceptical about that, so far as their own real wages are concerned.

There is, however, for them a strong incentive to co-operate in demanning. If GM, in Professor Weitzman's example, cut its workforce by 1 per cent, each worker still employed would gain 1 per cent more in hourly wages (from $24 an hour to $24.24). But GM would gain nothing. Thus there is, in the simple Rucker scheme which Professor Weitzman advocates, a conflict of incentives between company and workers.

There may be an incentive in profit-sharing schemes, which the author advocatees near the end of his article, whereby workers are induced to favour expanded employment in the firm, though I have not analysed that case, and therefore would not be so positive as Professor Weitzman, who seems to think "revenue sharing" and profit-sharing are the same.

It is possible to design schemes so that workers and employer both have something to gain from improvements in efficiency. It is probably not possible however to design them to give incentives to both parties to expand employment.

Value-added sharing schemes in the UK have had a chequered history. Some have foundered because of wage volatility due to fluctuations in demand for the product, others offered too little incentive to the workers, and some were merely designed to avoid incomes policies.

Yet the idea that workers will be more co-operative if they share in changes in the firm's value added is surely sound, and has produced results in some cases which seemed encouraging. With careful and somewhat elaborate design, such schemes can be shaped to avoid or at least mitigate the hazards.

Malcolm Crawford.
Business International UK, Banda House, Cambridge Grove, W6.

Costly homes improvement

From the Managing Director, Deedport.

Sir,—We are a small company employing 22 people who have been in the home improvement industry for ten years. Because of the nature of our work, many of the services we provided were "Zero rated." Imagine then our concern on Budget Day!

On TV, radio and in the newspapers we hear about the extra pence customers will have to pay in VAT on fish and chips, take-aways, etc. Ii our industry it means customers having to pay pounds and pounds extra. For instance, a customer having new windows fitted this month for £3,000 will have to pay an extra £450 on June 1.

Government policy is to encourage energy conservation—the imposition of VAT on double glazing is a backward step.

The home improvement industry has been a growth area providing significant employment opportunities and overwhelmingly so in small businesses. The inevitable price increase to householders of 15 per cent from June 1 will, we fear, result in a very considerable reduction in our business, and we are seriously concerned for our future prospects.

The effect of the Budget changes will be to encourage the "Cowboys" to offer their services—minus VAT—for cash. The Government will have made a significant contribution to the development of the Black economy.

Our industry is very busy now and the Government is saying that everything is booming. But only till June 1, we think. We hope we are wrong.

A. J. D. Porteous.
241, Building Factory Centre, Kings Norton, Birmingham.

The dangers of removal of support for exports of capital goods

From the Economic Director, National Economic Development Office.

Sir,—The publication of the Treasury report on capital export support is very much to be welcomed as a means of bringing the issues involved into public debate. But, it does not appear that Samuel Brittan, in preparing his article on the Treasury and NEDO reports on export aid (May 3) has looked at the reports with care which he customarily exercises. British capital goods exporters are not opposed to free and unsubsidised trade in this field. They believe that on such terms they would be fully competitive, and accept that if they were not, they would have to improve or cease trading. Indeed much very successful business has been obtained in the face of the most intense international competition where no question of support enters. Their concern, as expressed in the critique issued by the economic development committees for the sectors concerned, was not to attack the objective of the Treasury report but to point out that it had perhaps become out-of-date, to question a number of specific assumptions and methods of analysis, to point out what therefore appear to be some inaccuracies in the figures in the report and above all to illustrate the dangers of unilateral removal of support.

There are two reasons for this last point being important: the matching of capital export aid of other countries gives the only lever for achieving multilateral reductions in such subsidies and, it is argued by Mr Brittan (and others) that even unilateral removal of subsidies is sensible because, although the specific sector suffers, it results in lower public expenditure and a lower exchange rate, which allows other sectors to do better than otherwise. But except under very specific assumptions, this second argument is inaccurate. If, in a completely free trade regime, considerations of competitiveness based on comparative advantage (allowing for human skills, innovative capibility, etc) would lead to expansion of export market shares in some sectors and reduction in others, then the introduction of subsidies by other countries, unmatched in the UK, can cause an adverse shift in the composition of UK production and trade out of sectors in which the UK is relatively more efficient in real resource use. There is no way of determining a priori whether, in such circumstances, it is preferable to match and offset the subsidy or not.

It depends on a number of real world issues (always so much more awkward than basic principles) such as the size and likely duration of subsidies, the relative competitiveness of different sectors, the size of the knock-on effects on suppliers, on home demand, on employment and on the PSBR—the matters with which the NEDO critique was concerned. This must also take account, in a way that simple economic principles do not recognise, that industrial performance often depends on years of building up expertise, markets, innovative product design and processes. It cannot just be switched on or off by exchange rate movements.

Though both the Treasury and NEDO reports recognise these difficulties the reception accorded them has unfortunately reverted to the level of unsubstantiated presumptions. If Mr Brittan would have the UK move out of any sectors given support by other countries, then industrialists would no doubt appreciate his advice as to the product markets in the 1990s for which they should now be preparing.

Mr Brittan repeatedly emphasises the notion of special pleading; that different sectors are all interested lobbies and no argument can justify supporting some at the expense of others. What this misses is that, given the absence of full free trading conditions, any decision e.g., to subsidise or not to subsidise any one sector, involves, by design or default, making such discrimination, and there is no way of avoiding it. To believe that the unilateral absence of any subsidy is "non-discretionary" just because it would be so in a general free trade environment is a convenient but nonetheless unjustifiable and potentially damaging assumption. That is why the empirical issues of the relative competitiveness of different sectors, the likely net consequences for th PSBR and the actual costs involved matter. To take but one example, the extent to which capital export orders would still be won in the absence of any subsidy is a relevant matter, and if, as the Nedo critique argues, the Treasury under-estimated by a factor of up to 5 (an issue that might well be resolved by further discussion) then this materially affects the desirability or otherwise of such support.

As too often happens, Mr Brittan (though not, I stress, the Treasury) has presented the issue as a clash between simple economics on the one hand and special pleading on the other. But the issue is both too complex and too important to be left to this level of debate. Rather I would invite those interested in the issue simply to read the two original reports of the EDCs, the Treasury paper and the EDC's response to it, and draw their own conclusions about the matter.

(Dr) D. J. Morris.
Millbank Tower, Millbank, SW1.

Foreign Affairs: W. Germany

Arms: the SPD edges in from the cold

By Ian Davidson

WHEN the West German Social Democrat Party (SPD) swung against Nato's decision to deploy new Euro-missiles last year, thus reneging on the policy long pursued by the party under the leadership of former Chancellor Helmut Schmidt, there were grave anxieties in the capitals of other Nato countries, especially in Paris.

Some believed that the 25-year-old German consensus on defence strategy had been fatally shattered; others feared that Germany's volatile soul was leading it unpredictably towards neutralism. President Mitterrand of France, as disturbed by these fears as anyone, spared no effort in public and in private to stiffen the resolve of the new Christian Democrat-Liberal coalition to stand by the Nato decision.

Today a greater sense of calm prevails—and it must be said that the British Foreign Office, whether through perspicacity or stodginess, has always been much less alarmist than its French and American counterparts. The SPD is still wrestling with the problems of German security and defence policy, and the effort betrays a profound unease with some elements of existing Nato and American policy. But there is no evidence of a big groundswell towards neutralism, and the unease is not different in kind from that felt in many European countries.

Helmut Schmidt (left) and Egon Bahr

Over 300 motions on defence and foreign policy have been sent in for this week's party congress, but not one of them questions Germany's membership of Nato, not even from Oskar Lafontaine, the SPD politician who has in the past been publicly associated with the idea.

The unease of the SPD, like that of many other political parties in Europe, focuses on the role and the dangers of nuclear weapons. Party leaders talk of the need to change Nato's strategy of flexible response; but what they mean by this seems to differ only in degree from what is becoming the conventional wisdom in many Nato countries.

Karl Kaiser, director of the German Foreign Policy Institute in Bonn, has long been associated with the SPD, and he was one of the few brave souls publicly to defend the policies of Helmut Schmidt when the lemmings were running away. Today he believes a new consensus may be emerging in Germany as a result of the emotional debate of 1981-83.

"More people now understand the role of nuclear weapons. I know of no SPD member of the Bundestag who wants to get rid of nuclear weapons, though some would like to confine them to their political function—whatever that may mean. Most people in the SPD, as in the CDU, want to work for improvements in Nato's strategy of flexible response, not for its abandonment; most people in the SPD, as in the CDU, want to strengthen European co-operation in foreign and security policy.

"I am more relaxed," he says. "We are moving in directions which can be handled, and may even improve the situation."

This week's defence policy debate will be conducted against the background of the report of a working party, whose members spanned the gamut from Hans Apel, formerly defence minister in the Schmidt administration, to Egon Bahr, the quicksilver architect of Germany's Ostpolitik under former Chancellor Willy Brandt.

If this represents the new mainstream views of the SPD, it overlaps substantially on many points with the views of other parties, of left and right, in other Nato countries.

There are also points of divergence; but then, the nuclear reappraisal, both as a result of the Euro-missile controversy and as a result of new interest in hi-tech conventional weapons which might be able to take over some of the functions hitherto ascribed to nuclear armaments, is in a state of great fluidity in professional as well as in popular circles throughout Europe. The particularisms of the SPD working party report have more to do with Germany's special position in Europe than with any supposed neutral tendency.

The SPD report says: "Germany remains committed to the European Community and Nato. She only obtains her security with her partners and allies—and not without them." No problem.

The SPD report argues for stability through the balance of forces, specially conventional forces; the central theme of the Scowcroft Commission's report on U.S. nuclear strategy was the paramount importance of stability.

The SPD report argues that Nato should move away from early use of nuclear weapons in the event of a Soviet attack; this is now the commonly-expressed aspiration of every general and every politician in Western Europe.

The SPD report urges the elimination of battlefield nuclear weapons "as a result of verifiable agreements between the alliances" and, subject to the pre-condition of stability in conventional weapons, the "gradual establishment of battlefield-nuclear-weapon - free zone in Europe."

Nato has already agreed to reduce the number of nuclear weapons in Europe by 40 per cent, and the Bundeswehr would like to reduce battlefield nuclear weapons "as much as possible," short of total abolition.

More controversial is the SPD concept of a joint security arrangement between Nato and the Warsaw Pact: to some ears, it sounds suspiciously like the first weasel words of appeasement in the face of the Soviet Union's nuclear parity and conventional superiority.

But this is what Egon Bahr has to say: "The security of East Germany is our security; and the same goes for the U.S. and the Soviet Union. We must ask the Warsaw Pact to enter strategic talks with us.

"Our hostility, our ideological struggle will go on; the conflict betwen democracy and communism will continue. But we must ask the Soviet Union if they will accept common ceilings in conventional forces; either they must go down, or we must go up."

The East-West negotiations aimed at achieving a balance of conventional forces in Europe have been deadlocked in Vienna for over 11 years. I asked Mr Bahr if, in these circumstances, he would be prepared to support increased expenditure on conventional weapons to achieve a stable East-West balance. "If we have to spend more for conventional balance, I would be willing. The money would be well spent for raising the nuclear threshold. This would not get big applause in the SPD, but all responsible people are clear on this point."

Peter Glotz, national manager of the party, says: "The SPD supports closer consultation between Germany, France and Britain through the Western European Union (the defence treaty which links these countries with the Benelux states) to develop Nato's strategy; flexible response in its present form won't work for the next decade—we need more conventional defence, with more defence spending."

But beyond these propositions, there is a neuralgia about nuclear weapons which goes to the heart of the West European problem. Egon Bahr: "I personally think there should be no nuclear weapons on the territory of non-nuclear states. Control cannot be shared, non-nuclear states cannot have equal rights. Consultation means nothing."

It is difficult to reconcile the volatility of American policy and sliding credibility of the U.S. nuclear guarantee, with the expectation that the West Germans should assert a serene and unswerving confidence in that guarantee. So it is not surprising that Germans should search both for a modification in the mechanisms of that guarantee (a shift in the conventional-nuclear balance), and for an intensified communion with their West European neighbours. It is fortunate that some of Germany's neighbours are responding so actively to this search.

FINANCIAL TIMES
Tuesday May 15 1984

EMPHASIS SWITCHED TO FRONT LINE FORCES

UK plans major defence changes

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

A MAJOR reorganisation of the British defence establishment is foreshadowed in the annual White Paper (policy document) on Defence, published yesterday.

The White Paper, which was launched at a press conference by Mr Michael Heseltine, the UK Defence Secretary, pulls together strands in government policy which have been emerging over the past few months concerning both the central reorganisation of the Defence Ministry and the armed services as well as reforms designed to improve efficiency in weapons procurement.

Mr Heseltine described the range of his initiatives as the "greatest single overhaul of the machinery for development and co-ordination of defence policy for two decades."

Mr Heseltine's stated aim is to improve efficiency, achieve greater cost effectiveness in spending Britain's annual £17bn ($23.4bn) defence budget and secure a redistribution of resources from overheads to front line forces.

Measures detailed by the White Paper yesterday include tightening rules for defence contractors so as to increase competition across the range of UK Ministry of Defence activities. But business is also likely to benefit from the minister's intention to contract out or privatise more of the support functions, such as aircraft servicing or army equipment repair, now carried out by the armed services themselves.

At the centre of Mr Heseltine's reorganisation are reforms which he announced in outline in March and which will be the subject of a separate White Paper in July. The reforms, outlined again in yesterday's White Paper, and currently being worked out in detail within the Ministry of Defence, have aroused considerable if so far uncoordinated opposition at senior service levels in the ministry.

If they are implemented as Mr Heseltine originally envisaged, they would greatly centralise management control of defence by removing all policy and weapons planning staff from the UK Chiefs of Staff who would become administrators of their services only.

Yesterday's White Paper provided evidence of how Mr Heseltine intends to slim the services themselves to try to make them more efficient fighting organisations. Each is likely to see a substantial cut in its support manpower.

Mr Heseltine announced that the Navy would be able to keep on active service eight warships which should have gone into the UK standby squadron, which will now be abolished. This will not affect the number of frigates and destroyers in the fleet – which will remain at 50. But the Navy must cut 2,000 jobs from shore support organisations to crew the eight ships.

Army studies, codenamed Lean Look and Sharp Sword, will result in a reduction of 4,000 men in the British Army's support services, the White Paper reveals. A similar number will be deployed over the next few years to man new equipment, mainly with the army in West Germany.

Many of the services now performed by the UK armed forces themselves will be contracted out to the private sector. Pilot studies are underway, on aircraft servicing and many other services, which if successful could result in the transfer of considerable business to the private sector.

At his press conference, Mr Heseltine emphasised his intention to extend competition as far as possible through the procurement of weapons systems. In 1982-83 only some 20 per cent of contracts, worth £6.8bn, were awarded on a competitive basis, according to the White Paper. Mr Heseltine said this was a misleading figure, since many major contractors let sub-contracts on tender.

Savings of up to 30 per cent on some recent contracts had been achieved as a result of the Ministry of Defence's tightened rules for companies, the White Paper claimed, although Mr Heseltine said it would be unrealistic to expect such savings across the whole range of defence contracts.

Mr Heseltine indicated yesterday that his plans were on target for publication of the White Paper on the Ministry of Defence reforms at the end of July. The reforms are to come into effect from January 1 next year.

The Defence Secretary made light of opposition to the reforms from within the armed forces. "We are dealing with great traditions of proud and proficient services," he said. They tended historically to resist change. Mr Heseltine added, however, that he had heard no argument which convinced him to change his mind.

Details, Page 13; Editorial comment, Page 18; Reagan bid to save MX, Page 6

Mexican president to stress debt issue in U.S.

By David Gardner in Mexico City

PRESIDENT Miguel de la Madrid of Mexico was last night due to begin his first state visit to the U.S. against a regional background of alarm at the rising trend of U.S. interest rates and concern at the arms build-up in Central America.

The three-day visit comes after President de la Madrid's tour of South American capitals at the end of March and last week's official visit to Canada, which were seen in Mexico as assertions of independence from the U.S., Mexico's major trading partner and creditor.

President de la Madrid has had two informal meetings with President Ronald Reagan, in October 1982 in San Diego and last year on the Mexican side of the Californian border.

Apart from the debt and Central America issues, President de la Madrid hopes to make progress on negotiations towards a bilateral trade treaty and on the problem of illegal Mexican emigration to the U.S.

In talks with President Reagan, and in a speech to Congress scheduled for tomorrow, President de la Madrid is expected to stress that the stability of the region depends on finding an equitable solution to the debt crisis. Such a solution the Mexicans believe, must lead to the resumption of the net inflow on funds needed to finance Latin America's development, which is being made impossible by rising interest rates and increasing U.S. trade barriers.

Mexico intends particularly to stress that it is in the mutual interest of the U.S. and the Latin American nations to restore normal trade relations. Since Mexico's financial collapse in the autumn of 1982, for example, the U.S. has lost $10bn in sales to the country due to the shortage of foreign exchange with which to pay for American goods.

On Central America, Mexico is known to be concerned that the efforts of the Contadora group of nations to seek a negotiated solution to the region's conflicts are being undermined by the consolidation of a U.S.-backed bloc – consisting of El Salvador, Honduras, Costa Rica, and to a lesser extent, Guatemala, – against the Sandinista regime in Nicaragua.

The long-standing problem of illegal Mexican immigrants to the U.S. has taken a new turn in recent months due to a crackdown by the immigration service. This has had serious effects on production among computer and electronics companies in southern California, where scores of Mexican workers have been detained and subsequently deported.

Reagan backs away from blaming Fed

Continued from Page 1

Long Bond due in 2013 was also marked sharply lower, dropping more than one point in price by lunchtime to 88 7/32 to yield about 13.53 per cent.

At the Monday lunchtime prices, the Wall Street firms and others which bought the new long bond as part of the quarterly refunding package – and must pay for their purchases today – already had paper losses of more than $100m on the long bond alone.

"The market is totally demoralised," said one trader. "Retail investors have just frozen, all the trading is between dealers." Other Wall Street bond traders described yesterday morning's performance as "wild" and noted it resembled trading early on Friday when bond prices plunged under a wave of selling pressure only to recover later as bargain hunters stepped in.

In contrast to long-term rates, short-term U.S. interest rates were unchanged or slightly lower in early New York trading yesterday.

Nevertheless, the acute nervousness in the U.S. credit markets again held the equity market back. After a drop of more than five points in the first minutes of trading the Dow Jones Industrial Average was 6.80 points lower at 1150.34 at 12.30pm with more than 30m shares changing hands and the New York Stock Exchange ticker tape running up to five minutes late in early trading.

● The dollar lost ground on foreign exchange markets in what dealers described as a correction to sharp gains last week and amid nervousness that any renewed rise could prompt heavy central bank intervention.

Central bank governors meeting in Basle, Switzerland, however, gave no indication that they planned concerted action to hold back the U.S. currency, though they voiced concern at the impact of high U.S. interest rates.

THE LEX COLUMN

More Houses for Mercantile

The chairman of Mercantile House, Mr John Barkshire, has always aroused mixed feelings in the City but never can opinions of him have polarised as they did yesterday.

The shareholders of Laing & Cruicksbank received a generous £7.5m for 29.9 per cent of their business, with the promise of more later, while about a third of the employees of Mercantile's discount house stable could contemplate nothing more attractive than premature redundancy.

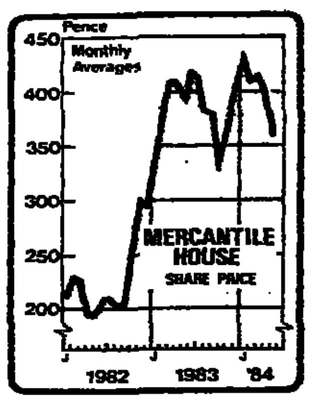
The pruning which will follow from the combination of Alexanders and Jessel under Mercantile ownership represents the less appealing face of the City revolution and offers some foretaste of what the stockbroking community may confront in the new regime. Yet, from a strictly commercial standpoint, it also raises the question of why Mercantile bought Alexanders in the first place.

Mercantile is paying a premium of 36 per cent to fully disclosed net worth for Jessel, which looks an expensive way of injecting more capital into the group's discount market operations.

Mercantile will admittedly fund the acquisition with its own paper but it is difficult to interpret the deal other than as a vote of no confidence in Alexanders and its senior management. In the three months since Mercantile bought Alexanders its own share price has fallen 10 per cent while Jessel's has risen about 15 per cent. Having failed to capture Gerrard & National, it might have been more sensible to move directly for Jessel.

Laing & Cruickshank brings to Mercantile a highly regarded team of financial analysts, a respectable private client department and a medium-sized corporate finance operation.

Whether all this justifies a multiple of 11 times earnings, in an exceptionally good year, is a matter for debate. Mercantile has certainly accomplished its goal of establishing a presence in the UK securities market, but has yet to show how all the pieces in the Meccano set will bolt together.



U.S. markets

It was all action again in the U.S. markets yesterday, as 16 leading banks charged in to relieve Continental Illinois. Last week's authoritative attempts to instil calm now seem to have been a smokescreen behind which to assemble the rescue package, a tactic which perhaps made things worse meanwhile. It was in any case a rough day for the bond market as well, with the last week's auction still weighing heavily on dealers' stomachs, as the new long bond repeated its lurching performance of Friday, losing roughly another 1¼ points yesterday.

Only patchy retail demand, coming in whenever yields reached 13.7 per cent, and some short covering saved the long bond from worse. But with many of the dealers still "distributing" the stock they were obliged to buy last week, bond prices are likely to be volatile for some days. The expectation of a number of key economic statistics – industrial production, capacity utilisation, housing starts and the first quarter GNP revision are all due this week – is giving them even more to worry about.

The UK Government bond market can only watch Wall Street's gyrations with amazement, and follow . Attempts at a rally in gilt prices yesterday morning failed once the U.S. markets opened, leaving the Government Broker with some funding problems of his own. His convertible tap is now 2¼ points adrift of its issue price, but he would be unwise to cut the price until demand has built up enough to take out a fair chunk of what is left.

Unilever

Maybe there is some truth in tales of Unilever's aggressive new management after all. The assault on the U.S. shampoo market, certainly, is nothing if not determined; the £10m national launch cost of the Dimension brand was one of the main reasons for what were seen as slightly disappointing first-quarter profits of £186m, and it is quite possible that other U.S. brands now waiting in the wings will receive similarly heavy support later in the year.

In the past, Lever's role in the U.S. market was that of football rather than player – a role defended as necessary to study international competition such as Procter & Gamble on its home ground. Of late, P&G has been losing some of its aura of invulnerability; and if Unilever can dent it in the U.S., there could be interesting implications in other world markets.

In Europe, it is encouraging to see that every consumer and industrial division – edible fats and oil milling excepted – showed volume growth, and that volume was translated directly into higher margins. Some margin improvement would be expected at this stage of the cycle, but not perhaps this much. Certainly, the group is leaner and fitter; more important, it may in this respect be establishing a slight edge over the competition.

BPCC/Bishopsgate

As they looked around for ways of degearing the BPCC balance sheet while simultaneously widening the group's shareholder base, it cannot have taken too long for Mr Maxwell and his advisers to find a suitable investment trust for dismemberment. Bishopsgate should produce just under £53m at its current net asset value – neatly cancelling BPCC's debt with the exception of an £11m term loan – and its register of shareholders gives BPCC a ready-made extension to its institutional list.

Assuming that the new BPCC shares are all taken up (whether by Bishopsgate holders or by minority holders of BPCC) the 75 per cent Pergamon stake would fall to just over 60 per cent. This dilution should help to make the shares more marketable, an objective which could scarcely be harmed by announcing an intended 1984 dividend increase of 50 per cent. With perhaps £8m of interest charges no longer weighing on the BPCC revenue account, and with a second phase of loss elimination in the pipeline (from Odhams and Park Royal) Mr Maxwell could have few qualms about offering this long-range largesse to make the deal go.

Hart looks for surge on home stretch

By Reginald Dale in Washington

SENATOR Gary Hart hopes to enter the final stage of this year's democratic presidential nomination race with victories in today's primaries in Oregon and Nebraska.

The Senator from Colorado is hoping for a surge through the remaining seven primaries to propel him to the nomination at July's national party convention in San Francisco.

His main rival, former Vice-President Walter Mondale, has already tacitly conceded defeat in Oregon, where Mr Hart held a two-to-one lead in an opinion poll conducted at the weekend. The contest looks closer in Nebraska, although Sen Hart is considered the marginal favourite.

Mr Mondale's campaign advisers believe that he will win the nomination even if Sen Hart carries all of the remaining states.

Mr Mondale, however, would like one major victory and he is aiming for that in New Jersey, which votes with California, New Mexico, South Dakota and West Virginia on June 5, the last day of the primary season.

Unofficial figures put Mr Mondale 435 short of the 1,967 delegates needed to win the nomination, with a total of 1,532. Sen Hart has 886 and the Reverend Jesse Jackson, the third candidate, 305, with 822 still to be chosen.

Sen Hart's intention is to stop Mr Mondale reaching the "magic number" of 1,967 by the end of the primaries, then build his majority by attracting uncommitted delegates and persuading others to change sides.

Mr Mondale, having lost Ohio and Indiana last week, is facing renewed questions about his "electability" in a contest with President Reagan in November. He has responded by going back on the attack against Sen Hart, accusing him of "unsteadiness," "inconsistencies," "flip-flops" and lack of experience.

Sen Hart says that Mr Mondale is jeopardising party unity by returning to the divisive, negative campaigning he used so successfully against Sen Hart earlier in the race. Mr Mondale only seems to care about party unity when he is in the lead, not when he is losing primaries, Mr Hart claims.

Mercantile House bid to create U.S.-style securities business

BY JOHN MOORE, CITY CORRESPONDENT IN LONDON

MERCHANTILE House Holdings, the fast growing UK-based international financial services group, yesterday announced that it is acquiring Jessel, Toynbee & Gillett, a London discount house, for £23.8m ($33m) and a 29.9 per cent stake in stockbrokers Laing & Cruickshank as part of its efforts to create an American-style securities operation in London.

At the same time the group revealed a major management and staff shakeout in its discount operations. About a third of the staff is expected to be asked to leave.

The staff cuts will take place at Alexanders Discount, which Mercantile House acquired in February for £29m, and at Jessel Toynbee. Both Jessel and Alexanders as discount houses act as intermediaries between the Bank of England and the banking system, dealing in a variety of short-term monetary instruments.

At Alexanders about 17 of the 52 staff, including Mr Douglas Grant, the managing director, are expected to leave. Mr Grant, who has been with Alexanders for 29 years, is discussing the terms of the settlement for his departure. At Jessel 15 of the 41 staff are to go.

Mr Michael Toynbee, chairman of Jessel, said yesterday: "I shall see every member of staff this afternoon to tell them what their position is. It is very difficult. Until you get the acceptance of your shareholders on the deal you can't really let them go, because there is always an outside chance that something might go wrong and the deal might not go through."

In the proposed deal Mercantile is offering three of its shares for every 10 shares in Jessel with an alternative floating rate loan note offer.

Jessel is to be combined with Alexanders to create the third largest discount house in London. Mr Jeremy Hardie, chairman of Alexanders, said yesterday the staff cuts on his side of the discount operations were being carried out to achieve the same or more volume of business with reduced staff costs.

Laing & Cruickshank approached Mercantile House, which initiated yesterday's link. Mercantile is to acquire – once the Stock Exchange's rules on outside ownership are relaxed – 100 per cent ownership of the stockbroker. The latest transaction places a value of £25m on the whole of Laing & Cruickshank. The shareholding members, led by Stock Exchange council member Mr Robin Stormonth-Darling, are to take the proceeds they receive from the disposal of the 29.9 per cent stake out of the business.

Mr John Barkshire, chairman of Mercantile, said yesterday: "We have acquired the major bricks in constructing our securities house. We will fill in the gaps by expanding our base or attracting teams of people in the City."

See Lex

Berliner Bank goes to market

BY LESLIE COLITT IN BERLIN

BERLINER BANK, the only city-owned commercial bank in West Germany, is to take its first step toward privatisation with a flotation on the West German stock market to increase its capital. The bank's equity base is to be raised by DM 65m to DM 250m ($90m) because of a growth in business volume.

The city of West Berlin no longer wishes to divert funds from its budget toward increasing the bank's capital and is in any case bound by Government rules which require the return of city-owned enterprises to private ownership.

Berliner Bank was created in 1950, a year after the West German currency reform and the end of the Berlin blockade, when there was little capital available in West Germany. The city-state of Berlin was obliged to hold the shares of the bank, which was legally a private institution.

In recent years the bank has set up branches in six West German cities and in London in addition to its Luxembourg subsidiary. Business volume of the parent bank rose 7.4 per cent last year to DM 11.4bn; the group's volume increased to DM 22.4bn from DM 20.7bn.

Berliner Bank made an operating profit last year of DM 20.7m after breaking even in 1982.

The city finance department is receiving a 12 per cent dividend for 1983; no dividend was paid in 1980 and 1982. In those years Berliner Bank suffered from its involvement in loans to Poland, and to the ailing AEG company and from losses on a city-guaranteed loan to a West Berlin construction company that went bankrupt.

When Berliner Bank's capital was last increased in December by DM 12.5m, the city paid DM 300 per DM 50 share.

Tokyo shares hit by selling wave

BY ROBERT COTTRELL IN TOKYO

TOKYO share prices fell sharply yesterday, with the Nikkei-Dow Jones 225-share index registering the second-largest single session drop on record. The index ended the day at a six-week low of 10,563.34, down 270.53 points on Friday's close.

The dollar strengthened Y1.75 to Y231.5 at the Tokyo close, its highest level since the beginning of March.

Brokers said that although stock dealing was light yesterday, overseas orders to sell had built up at the weekend.

Tokyo was said to be experiencing a continuation of the wave of selling which swept many major world markets last week. It was thought that the 18-month-old Japanese bull market, which took the index to a record 11,190.17 on March 4, may have peaked.

"It is a correction which we had been expecting, but not before June," said Mr Simon Groves, Tokyo representative of Grieveson, Grant, the London stockbroker. "It was a very bad day on Friday, and a worse day today. U.S. dollar interest rates have gone very high, and the yen is falling. Money is moving out of equities into the bond market. Foreigners are selling."

Foreigners are estimated to have been net sellers of Japanese shares for the last eight weeks, though until last week the pressure was more than counterbalanced by domestic buying. Now, says Mr Nick Gregory, research manager in the Tokyo representative office of stockbrokers Hoare, Govett, "there is a growing awareness of how big the foreign selling has been."

Tokyo stock market report, Page 33

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	S	16	61	Malaga	C	21	70	Salzburg	C	11	52
Akrotiri	S	23	73	Faro	F	19	66	Malta	S	21	70	Seoul	F	25	77
Algiers	C	21	70	Florence	F	20	68	Manila	:	34	93	Singapore	F	32	90
Amsterdam	F	15	59	Frankfurt	R	11	52	Nagoya	F	28	82	Stockholm	S	17	63
Athens	S	22	72	Funchal	F	18	64	Milan	C	17	63	Strasbourg	R	10	50
Bahrain	F	32	90	Geneva	C	12	54	Moscow	S	19	66	Sydney	F	21	70
Bangkok	–	—	—	Gibraltar	F	20	68	Munich	R	8	46	Taipei	R	28	82
Barcelona	F	13	55	Guernsey	C	9	48	Nairobi	-	—	—	Tangier	C	18	64
Beirut	S	22	72	Helsinki	S	16	61	Naples	S	17	63	Tehran	–	—	—
Belgrade	F	15	59	H. Kong	C	28	82	New Delhi	F	42	108	Tel Aviv	S	25	77
Berlin	C	17	63	Innsbruck	F	13	55	New York	C	24	75	Tenerife	C	21	70
Biarritz	C	13	55	Inverness	F	16	61	Nice	S	16	61	Tokyo	C	18	64
Blackpool	S	12	54	Istanbul	S	20	68	Oporto	F	16	61	Toronto	R	8	46
Bordeaux	F	15	59	Jersey	C	9	48	Oslo	S	17	63	Tunis	S	23	73
Brussels	S	14	57	Jo'burg	F	21	70	Paris	R	10	50	Valencia	C	12	54
Budapest	C	15	59	Las Palmas	S	22	72	Prague	C	10	50	Venice	F	18	64
B. Aires	F	12	54	Lima	F	22	72	Reykjavik	F	6	43	Vienna	F	16	61
Cairo	F	29	84	Lisbon	–	—	—	Rio de J'o	C	32	90	Warsaw	C	13	55
Cape Town	–	—	—	Locarno	R	11	52	Rome	F	19	66	Zurich	C	10	50
Caracas	C	28	82	London	C	14	57								
Casablanca	F	19	66	Los Angeles	C	28	82								
Copenhagen	S	17	63	Luxembourg	C	9	48								
Corfu	S	19	66	Madrid	C	10	50								
Dublin	F	14	57	Majorca	C	19	66								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Conti Illinois standby

Continued from Page 1

Despite the strong denials, the Chicago bank appears to have had difficulty restoring confidence in itself, and U.S. bank regulators and senior commercial bankers admitted yesterday that they were concerned that if the crisis of confidence surrounding the bank was not promptly halted it could spill over into the financial markets generally and damage other banks' access to the money markets.

Continental Illinois plays a particularly important role in the Chicago commodity markets, and there was concern about the impact its financial difficulties might have on the smooth operation of these markets.

While the Continental Illinois standby facility is not unprecedented in recent U.S. banking history – Seafirst and First Pennsylvania Corporation were each granted $1.5bn standby facilities when they ran into financial difficulties – its size is far bigger than anything ever arranged before.

Although the U.S. bank regulators did not play a public role in the arrangement, the Federal Reserve Board said yesterday that it had been kept informed, significantly.

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ITALIAN CAR MAKER PLANS $450m RIGHTS ISSUE

Fiat doubles profits and lifts dividend

BY JAMES BUXTON IN ROME

FIAT SpA, the holding company of Italy's largest private enterprise, yesterday announced a sixfold increase in capital, including a rights issue worth L760bn ($450m), and doubled profits for 1983.

The group, whose turnround in the past three years is one of the most significant developments in recent Italian corporate affairs, was boosted by the fact that its car division, led by Fiat Auto, made a modest profit – the first since it was established in 1979.

But Fiat's industrial vehicles subsidiary, Iveco, plunged heavily into loss, and its earthmoving equipment subsidiary, Fiatallis, again recorded a big deficit.

Fiat SpA's net profit was L214bn, compared with L111bn in 1982. The dividend is to be increased to L180 per share from L160.

Borrowings were down by about L650bn at L5,500bn.

The board, presided over by Sig Giovanni Agnelli, whose family owns about 30 per cent of Fiat, decided yesterday to increase the capital from L337.5bn to L2,025bn. Of this some L675bn in new funds will go towards the L8,000bn the company reckons it will have to invest in the next three years. The rest of this investment requirement, more than half of which will go to the car division, is expected to come from self financing.

The capital increase will be in three parts. First, the company will raise its nominal capital from L337.5bn to L675bn by doubling the par value of each share to L1,000. Next it will make a scrip issue of ordinary and preference shares worth L1,000 each for a total of L675bn.

These shares will be assigned on a one-for-one basis.

There will follow a rights issue of L675bn nominal worth of ordinary and preference shares on a one-for-one basis at L1,130 a share. The issue will go ahead this autumn on the Milan stock exchange.

The Agnelli family, through its holding company IFI, is expected to take up its full allocation of rights.

Fiat had a 6 per cent rise in group turnover to L21,985bn last year. Of this, Fiat Auto accounted for

Sig Giovanni Agnelli

L11,888bn, an increase of 14 per cent. Despite the fall in the Italian car market the company increased its market share in Italy to 55.4 from 51.6 per cent and maintained its production volume and leadership of the European market, of which it had 12.8 per cent.

Profit was L880.6bn after taking into account losses by overseas subsidiaries amounting to L116bn. Fiat Auto's largest overseas subsidiary, in Brazil, made an operating profit but a net loss of L70bn because of high debt servicing costs and exchange rate losses resulting from the devaluation of the local currency.

In contrast, Fiat's industrial vehicles division, headed by Iveco, plunged into loss, with a deficit for the Dutch registered company of Fl 232.6m ($75m) compared with a profit in 1982 of Fl 16.4m. The division's sales were down 9 per cent at L4,517bn. Unit sales of Iveco were down 6 per cent.

A major cause of the fall in sales was the continued weakness of the Italian industrial vehicle market, which fell 20 per cent even though Iveco increased its market share. Earlier this month Fiat appointed a new managing director to Iveco.

Fiat's tractor division, led by Fiat Trattori, reported a 12 per cent sales increase at L1,735bn and profits of L14.4bn, compared with a profit of L9.4bn in 1982. This was despite a further 10 per cent fall in sales in the Italian market. Nevertheless Fiat won 15 per cent of the European market, in which it was again the leader.

Fiat's Dutch-registered earthmoving equipment sector, led by Fiatallis, lost Fl 143m slightly down from the 1982 loss of Fl 160m. Sales were down 17 per cent at L804bn, thanks to sharp falls in the Italian, French and South American markets.

The metallurgical products division, led by Teksid, achieved a 15 per cent rise in sales, but Teksid itself lost L48bn after taking into account the losses of subsidiaries, notably in Brazil.

Fiat's components sector, which makes up about 10 per cent of group turnover, enjoyed an 11 per cent sales increase to L2,260bn, with all subsidiaries making profits.

In the production systems division, Comau made a profit of L10.3bn. The division's sales were down 7.3 per cent at L465bn.

K Mart earnings surge by 30%

By Paul Taylor in New York

K MART, the second largest retail chain store group in the U.S., yesterday reported a 30.1 per cent surge in first quarter earnings, fuelled by record sales of $4.18bn and a particularly strong performance in clothing.

The Troy, Michigan-based group, which operates 2,161 discount department stores in the U.S., Canada and Puerto Rico, said its net earnings in the first quarter increased to $58m or 45 cents a share from $44.6m or 35 cents a share in the same period last year. Sales grew 6.1 per cent from $3.93bn.

K Mart's first quarter performance was in line with market expectations and was the eighth consecutive quarterly earnings increase and the fourth record quarter in a row.

Mr Bernard Fauder, chairman, said clothing sales increases during the first quarter were nearly double the corporate average, providing a favourable impact on gross margins. K Mart, which began a store refurbishing programme three years ago, has been placing particular emphasis on high quality, low-cost family clothing.

Gross margins – after buying and occupancy costs – increased to 28.8 per cent in the latest period from 27.5 per cent a year ago, due primarily to improved merchandising programmes and the strong contribution from the clothing division.

During the latest quarter K Mart opened four new stores compared with 11 in the 1983 first quarter and has plans to open a further 25 to 30 this year.

Mr Fauder said he expects future earnings improvements to result from continued economic stability.

Nuovo Ambrosiano group considers sale of La Centrale

BY ALAN FRIEDMAN IN MILAN

NUOVO Banco Ambrosiano, the successor to the late Sig Roberto Calvi's failed Ambrosiano group, is considering the sale of its major remaining assets, the La Centrale financial holding company.

A senior executive at La Centrale said yesterday that a consortium of around 20 banks from the Veneto region of Italy was seeking to offer around L300bn ($176.5m) for the 47 per cent controlling stake in La Centrale held by Nuovo Ambrosiano.

This compares with La Centrale's market value of L235bn, based on yesterday's Milan bourse share price of L1,775.

The real target of the Veneto banks is La Centrale's own controlling stake in Banca Cattolica del Veneto, one of the two "plums" inherited by the Nuovo Banco Ambrosiano group when it took over the Calvi group in August 1982.

Banca Cattolica, although it last week disclosed L221.8bn of possible bad debts at home and in South America, is a profitable bank.The bad debts, however, which relate to Calvi era transactions in Peru, Panama and in Italy with the troubled Rizzoli publishing group, represent 91 per cent of Cattolica's issued capital.

There has long been speculation that La Centrale, which still has 40.9 per cent of Rizzoli (also stemming from Calvi days), would try to sell the stake and eliminate some of its own debts and those of its Banca Cattolica subsidiary.

The board of Nuovo Ambrosiano meets today in Milan to discuss the future of La Centrale, Banca Cattolica and its own need for more capital. Nuovo Ambrosiano is owned by a pool of seven Italian banks, public and private, which took over after the 1982 collapse of the Calvi bank.

At La Centrale, a senior executive confirmed that preliminary discussions had been held with parties interested in making a bid. But it was stressed that at this stage formal negotiations had not started and the Nuovo Ambrosiano board must first "consider" the possible disposal.

Two weeks ago La Centrale announced the sale for L220bn of Credito Varesino, another profitable company inherited by the Nuovo Ambrosiano group. This wiped out La Centrale's L150bn of debts from the days when it was controlled by Sig Calvi.

Bekaert confident of upturn

By Paul Cheeseright in Brussels

BEKAERT, the Belgian steel wire producer with plants in 14 countries, expects its profits recovery to continue this year.

"Volume, turnover, profitability, all indexes are moving in a positive direction," said M Jean Charles Velge, president, in the company's annual report.

Last year net profits at Bekaert rose dramatically to BFr 1.7bn ($30m) from BFr 702m in 1982 and BFr 120m in 1981.

With an influx of capital from a BFr 848m rights issue, the group is embarked on a geographical expansion of its activities in Brazil, the U.S., Japan and Europe and diversification through innovation in its product range.

The strong dollar has helped to swell export revenues in terms of the Belgian franc, and this undoubtedly remains a strong element in the group's confidence that the trend towards higher profits will be continued.

On the negative side "the current erratic behaviour of the money markets is a matter of constant concern," according to Baron Bekaert, the chairman. So too is the likelihood of rising wage costs in Belgium this year, eroding gains in competitivity achieved in 1983.

Within the EEC, the uncertainties of steel industry controls mean constant changes in wire rod purchasing policy. But the EEC as a market for Bekaert products is gradually declining in importance.

Turbo Resources suffers record deficit

BY BERNARD SIMON IN TORONTO

TURBO Resources, the ailing Calgary-based energy and mining group, suffered a record loss of C$278m ($215.5m) in 1983, more than double the previous year's loss of C$128m.

The increased loss was due to extraordinary items totalling C$148m compared with C$12m in 1982, reflecting mainly Turbo's equity share of the write-down of assets held by its 90 per cent-owned subsidiary, Bankeno Mines, which is involved in oil and gas exploration and production.

In addition, the write-down of unspecified assets and settlements involving Challenger International Services, another subsidiary engaged in oil and gas contract drilling and distribution of construction equipment, cost the parent company C$33m.

Turbo's operating income before depreciation, interest and extraordinary items was C$6m last year, compared to a loss of C$7m, excluding the operations of Bankeno Mines, in 1982.

Turbo's president, Mr Norm Gish, said the company had made "steady progress towards restructuring its debt and restoring financial equilibrium." He said that sufficient cash flow had been generated to meet all current operating needs for the past 16 months. The company's debt at the end of 1983 totalled C$858m.

Turbo is at the centre of a controversy involving two major creditors and the Ontario Securities Commission, which is acting on behalf of minority shareholders in Merland Explorations, a subsidiary acquired in 1981. The creditors are seeking repayment of C$25m in unsecured loans before Turbo makes a required offer to the Merland shareholders.

The OSC has extended a deadline to the end of May for Turbo to complete a previously announced sale of Bankeno Mines and to distribute a portion of the proceeds to the Merland shareholders.

With proceeds from the sale, Turbo hopes to pay off about C$130m of its debts plus the C$56m it owes Merland minorities.

● First City Financial, the holding company of the real estate and quasi banking group controlled by the Belzberg family of Vancouver, suffered a drop in profit before a C$1.8m extraordinary item to C$7.3m ($5.6m) for the three months to March 31 1984, compared with C$17.7m a year earlier.

The sharp decline was due largely to substantial gains on the sale of investments included in last year's figures.

Amax will buy back Austrian bank's stake

BY OUR FINANCIAL STAFF

CREDITANSTALT-Bankverein, the Austrian banking group, does not intend to maintain a long-term shareholding in Amax, the leading U.S. mining company, in which it recently bought a 4.8 per cent stake for $75m.

It is understood that the shares were bought by the bank as collateral for a three-way deal through which Amax will eventually buy them back at the same $25 price. Rather than paying cash, however, the U.S. company will finance the purchase of its own stock by taking out a 20-month loan from Creditanstalt.

The loan will be repaid out of the proceeds from sales of molybdenum (of which Amax is the world's biggest producer) to Treibacher Chemische Werke.

Indiana utility calls for cash

BY WILLIAM HALL IN NEW YORK

PUBLIC SERVICE of Indiana, the financially-weakend U.S. power company, is trying to force the junior partners in its frozen Marble Hill nuclear project into continuing financial support until a decision is taken on the plant's future.

In a letter to the Wabash Valley Power Association, a consortium of 24 rural electric co-operatives which owns 17 per cent of Marble Hill, PS Indiana said it would probably have to cancel the project unless Wabash started maintenance payments.

The disagreement between PS Indiana and Wabash follows legal action started in February in which Wabash claimed Indiana had concealed problems with the construction of Marble Hill. Wabash stopped all payments.

PS Indiana said yesterday that its costs simply on maintenance of the site in February had amounted to $600,000, although this was coming down gradually as the workforce was trimmed back. It said that if Wabash failed to pay its share it could be forced to abandon the site.

Wabash has previously said that it would like to convert Marble Hill to coal burning, which is said to be technically feasible but would require substantial new funding. But PS Indiana argues that if its partner wants to keep this option open, it ought to be paying part of the costs of keeping the site in shape.

PS Indiana's immediate cash position has improved over the last few months, partly because it has sold more electricity than expected during the cold winter spell, and partly because it has put off some payments to creditors and pulled forward receipts from clients.

Its financial position, however, depends crucially on efforts to persuade state legislators that it needs further tariff increases following an emergency 5 per cent award given earlier this year. There have been some signs of sympathy for its plight, but it has no real legal redress because utilities in Indiana are not allowed to reflect construction costs in their pricing until projects are completed.

At the same time, it needs to avoid a write off of Marble Hill, which involves two separate units, the first of which is 58 per cent complete.

Swiss insurer shows advance

By John Wicks in Zurich

SWISS Insurance Group La Suisse, of Lausanne, reports a 13.7 per cent rise in gross premium income to SwFr 469.8m ($206m) for last year.

This includes premiums of the parent company, La Suisse Société d'Assurances sur La Vie, of SwFr 207.1m of the casualty subsidiary La Suisse Société d'Assurances Contre Les Accidents of SwFr 199.7m.

After a rise in net profits from SwFr 1.8m to SwFr 2.2m the life assurance company is to pay an unchanged dividend of SwFr 70 plus a 125-year-jubilee bonus of SwFr 20 per registered share.

Arco withdraws from oil lease purchases

BY OUR NEW YORK STAFF

ATLANTIC RICHFIELD (Arco), the Los Angeles-based oil company, has notified the U.S. Department of the Interior that it no longer wants to purchase seven oil leases off the California coast which it successfully bid for three years ago.

Arco's decision to withdraw from the purchase of the leases is the latest indication of the declining enthusiasm of the major oil companies for oil exploration off the Californian coast. Although Arco and its partners were awarded the leases in the northern Santa Maria basin off Santa Luis Obispo county during Outer Continental Lease Sale 53 in May 1981, they have been prevented from exploring for oil in the area because of lengthy litigation by Californian environmental groups.

Arco said yesterday that "the passage of almost three years of litigation caused the company to readjust its exploration plans." It says that since 1981 a number of significant changes have occurred

Strong recovery for ITT subsidiary

By Our Financial Staff

STANDARD Elektrik Lorenz (SEL), the West German telephone equipment group, reports a strong recovery in profits for 1983 and says further progress will be made this year.

Against DM 27.9m ($10.1m) in 1982, the company, which is 88 per cent owned by ITT of the U.S., has increased net profits to DM 86.8m. Sales improved marginally, and the main thrust to profits came from cost cutting.

For the first quarter of this year, sales are 5 per cent ahead at DM 814bn, and SEL expects turnover for the whole of 1984 to emerge around 7 per cent higher. Sales last year totalled DM 4.29bn, against DM 4.15bn in 1982.

Managing board chairman Herr Helmut Lohr told a news conference that this year's improvement to profits will not be as dramatic as in 1983, when SEL's policy of concentrating on high-technology products combined with severe cost cutting to put the group into much better shape.

He said the improvement in business continued in the first 1984 quarter with new orders surging by 64 per cent to DM 1.44bn compared with the same period a year ago. Orders in hand were 27 per cent higher at DM 2.72bn. For the whole of 1984, new orders are expected to grow by over 10 per cent.

SEL plans to increase 1984 capital spending by around 20 per cent from the DM 144m of 1983, he said.

Herr Lohr expected both domestic and foreign turnover to rise this year after 1983 foreign sales had increased by 19.8 per cent to DM 1.26bn and domestic turnover had dipped to DM 3.04bn.

Saléninvest to hive-off unit

By David Brown in Stockholm

SALÉNINVEST, Sweden's biggest shipping group, is to raise at least SKr 180m ($22.19m) by hiving off a small part of its dry cargo operation and selling a majority stake to the public.

Saléninvest will offer a 60 per cent stake or 12m shares in the new company, Monitor Shipping, by tender at a minimum of SKr 15 per share. The remaining 8m shares will be held by Saléninvest.

Saléninvest said the new company will benefit from an expected upturn in the bulk shipping market. Saléninvest will transfer two of its large bulk vessels (110,000 dwt) to Monitor. Two "handy" sized vessels (23,000 dwt) have been chartered.

Saléninvest will continue operating about 30 ships in its own dry cargo division. The group holds a dominant position in the world's refrigerated shipping market and is involved in oil tankers and oil drilling in addition to dry cargo.

HK commitment stressed by Jardine Matheson

BY DAVID DODWELL IN HONG KONG

UNCERTAINTY over the future of Hong Kong has led to problems for Jardine Matheson's international business, particularly when competing for major long-term contracts, joint ventures, new acquisitions or finance, Mr Simon Keswick, the company's chairman and managing director, told shareholders yesterday.

In a document detailing the company's legal transfer to Bermuda from Hong Kong, where it has been based for almost 150 years, Mr Keswick insisted nevertheless that the change was "nothing more than a change in the legal jurisdiction in which the group parent company is incorporated."

Clearly stung by some press and public reaction to the Jardine decision to change its legal home, Mr Keswick began his statement by telling shareholders "what is not proposed."

"It is not proposed that Jardine will leave Hong Kong. It is not proposed that any of our businesses which are in Hong Kong will be moved out of Hong Kong, or that I, the executive board or the group headquarters will relocate. Our shares will continue to be denominated, our dividends paid, and our accounts kept in Hong Kong dollars.

"These factors, more than any words of mine, demonstrate our continuing commitment to Hong Kong."

Answering why such a move, which will cost the company about HK$11m (U.S.$1.4m), has been proposed, Mr Keswick said: "Jardine has always been an organisation operating under a British legal system and all indications are that Hong Kong will evolve along different lines."

The company, which is the oldest in Hong Kong and has interests in property, insurance and trading, had been placed at a disadvantage, he said, "in being unable to answer authoritatively questions regarding the long term future of Hong Kong and the effects of future changes on Jardine Matheson."

The proposals involve exchanging one Jardine Matheson share for one new share in Jardine Matheson Holdings, registered in Bermuda. The normal value of each new share will be HK$2 rather than HK$6 as with current Jardine shares—a move to cut the cost of stamp duty on registration in Bermuda, since this is payable on the nominal share value. Mr Ray Moore, the group's finance director, said this would save about HK$6.4m in stamp duty.

The proposals will be put to shareholders at an extraordinary meeting on June 7. Assuming they win shareholder approval, the move should become effective on June 27, after court sanction has been given.

Jardine does not expect the move, in itself, to result in any change in tax liabilities either for the company, or its 39,000 shareholders, though Mr Moore advised UK-based shareholders to seek advice because of the complex tax regime that existed there.

Reverse for ANZ finance offshoot

By Michael Thompson-Noel in Sydney

ESANDA, the main finance subsidiary of the Australia and New Zealand Banking Group, has reported a 5 per cent fall in net profit for the six months to March 31, to A$20.1m (US$18.1m).

This is in contrast to the performance of Australia's biggest finance company, Australian Guarantee Corporation, a subsidiary of Westpac Banking Corporation, which recently reported a 20.3 per cent improvement in net profits in the March half-year to A$50.1m, though that mainly reflected the merger with the General Credits group last year.

ANZ is due to report its group result later this week.

Esanda's directors said the full year result was expected to be comparable with that achieved in the 12 months to last September when Esanda earned A$39m.

● Hongkong and Shanghai Banking Corporation is forming a new Australian insurance group, Carlingford Australia Insurance, with premium income of A$55m (US$49.5m). This follows the acquisition of Preservatrice Skambia Insurance, announced in January, for which Foreign Investment Review Board approval has now been received.

●Carlton and United Breweries (CUB) has sold its 19.7 per cent stake in packaging group J. Gadsen (Australia) to SA Brewing Holdings for A$30.22m (US$27.5m), Reuter reports from Melbourne.

CUB, which bought the holding in January 1983 for A$25m, sold its 7.65m shares to SA Brewing at A$3.95 each.

Multi-Purpose Holdings plans rights issue

By Wong Sulong in Kuala Lumpur

SCRIP and rights issues are announced by Multi-Purpose Holdings, the Malaysian Chinese conglomerate, which would increase its capital to over 750m ringgit (U.S.$328m) and make it the company with the biggest paid-up capital on the Malaysian and Singapore stock exchanges.

The group has obtained Government approval to increase its present 450.6m ringgit capital by a one-for-three scrip issue and a one-for-three rights issue in 1 ringgit par value shares.

MPH has grown rapidly since its formation eight years ago. Current assets now exceed 2.5bn ringgit.

Record profits registered by Indian vehicles group

BY JOHN ELLIOTT IN NEW DELHI

ESCORTS, the Indian motor vehicles manufacturer which has been at the centre of a controversial bid for a significant parcel of its shares from Mr Swraj Paul, has registered record net profits for 1983 of Rs 141m ($12.8m), and is paying a total dividend of 22 per cent with a final distribution of 13 per cent.

Mr Harry Nanda, chairman and founder of Escorts, argues that these results are proof of the company's success and that changes in its ownership and management are unnecessary. He announced that during the year in which the battles with Mr Paul were fought, sales had risen to Rs 2.8bn from Rs 2.28bn.

Net profits increased from 1982's Rs 60m to Rs 141.2m and Rs 112m has been transferred to reserves which now stand at Rs 372.2m.

The controversy over Mr Paul's share purchases — Escorts have been refusing to register the London-based businessman's holding—may be resolved on June 9 at an extraordinary meeting of the company. An attempt by financial institutions to take control over Escorts and so resolve the dispute between Mr Paul and Mr Nanda will be then discussed.

Alex Harvey 36% ahead

By Dai Hayward in Wellington

ALEX HARVEY Industries, the New Zealand building supplies and packaging group, has reported net profits of NZ$38m (US$24.7m) for the year to March—a rise of 36 per cent.

The company plans to make a one-for-four scrip issue, increasing its capital to NZ$75.5m. It is to pay a final dividend of 8 cents a share, making 11 cents for the year.

Sales totaled NZ$522m, of which exports accounted for NZ$83.7m. In the previous year sales totalled NZ$451m.

Luxembourg investment venture for Sumitomo

BY YOKO SHIBATA IN TOKYO

SUMITOMO CORPORATION, a major Japanese trading house, has established a Luxembourg registered investment company—Sumitomo Corporation International Investment—to launch the group into the international corporate fund management business.

The new company plans to agree an investment advisory contract with UK-based merchant bankers Kleinwort Benson for the handling of short-term investments such as certificates of deposit (CD), commercial paper (CP), corporate and government bonds and securities.

SCII was launched on May 8 with a capital of $4m all of which was contributed by Sumitomo Corporation. Under the guidance of Kleinwort Benson the corporation plans to invest some $50m in surplus funds.

The future SCII plans investments in convertible bonds in the D-mark, Swiss franc and U.S. dollar markets. The company has chosen a Luxembourg domicile for tax reasons and has chosen the connection with Kleinwort Benson because of the bank's experience in the investment field.

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UK COMPANY NEWS

MINING NEWS

One-year delay for Ok Tedi phase II mining operations

BY KENNETH MARSTON, MINING EDITOR

THE FORMAL opening is due tomorrow of the gold treatment plant at the A$1.6bn (£1.04bn) Ok Tedi copper-gold open-pit mine in Papua New Guinea.

Thus, gold production from the so-called gold cap on the big ore deposit is on, revised, schedule, but the phase II operation which envisages mining of the lower lying copper and gold ore has been delayed by at least a year.

Disaster struck early this year when a huge landslide of mud in this jungle terrain inundated the area which had been set aside for the permanent tailings (waste rock) dam. This has delayed the setting up of a permanent waste dam while the construction of a hydro-electric power station has also been put back.

Mr Irwin Newman, the general manager of Ok Tedi told Reuters that the tailings dam will be built in the next 18 months but it will take three years to get hydro energy. Phase II gold-copper production is now expected to start in mid- to late-1987.

In the first year of operations on the gold cap production will reach a daily rate of 22,500 tonnes of ore. This will give an annual output of some 700,000 to 850,000 ounces of concentrate containing about 86 per cent pure gold and the rest largely in silver, making Ok Tedi one of the world's major gold producers.

The first year's production is to be bought by Degussa of West Germany (50 per cent), Mase-Westpac of Australia (25 per cent) and New York commodity dealers J. Aron (25 per cent). The contract is renegotiable after the first year but Degussa has the right of first refusal to equal the best of other bids.

Mr Newman said that it was not possible for Ok Tedi to pay off its debts without going into copper production, pointing out that the gold-only ore will be mined out quite quickly. After the phase II copper-gold mining, the final phase will be of copper mining alone which will run from 1989 to about the year 2011.

The partners in Ok Tedi are: Australia's Broken Hill Proprietary (30 per cent), Amoco Minerals of the U.S., part of the Standard Oil of Indiana group (30 per cent), Kupferexplorationgesellschaft (20 per cent) and the Papau New Guinea Government (20 per cent).

Canadian mines facing high anti-pollution costs

ACCORDING to a Canadian Government report, the country's nickel and copper producers are in a financially more vulnerable position now than at any time before, owing to the need to improve productivity and international competitiveness while, at the same time, facing the costs of reducing their sulphur dioxide emissions.

Mr William Rompkey, the Mines Minister, released the report which states that the much-needed environmental improvements come at a time when the non-ferrous industry is struggling with severe marketing and financial difficulties.

The study says that measures for plant modernisation and abatement of pollution would be feasible technically over the short term, but would need a capital investment of about C$1.1m (£614m).

The study notes that "Given the clouded outlook for nickel and copper markets generally and the difficult financial conditions of individual firms, it is unlikely that Canadian producers will be in a position to embark on major smelter improvement programmes much before the later 1980s or early 1990s."

Apex & Benguet

TWO small Philippine gold producers, Apex Mining and Benquet Exploration, increased earnings last year and each cited cost controls as the main factor behind the improvement, reports Leo Gonzaga from Manila.

Net income of Apex rose to Pesos 24.8m (£1.26m) from Pesos 11.4m in 1982 while Benguet earned Pesos 7m in 1982 compared with Pesos 4.6m in the previous year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Advance Services	2.7	—	2.5	3.8	3.5
Allied London Props int	0.22	July 20	0.2*	—	1.33*
Baggeridge Brick ...int	1.88	—	1.5	—	5.25
James Beatie	3.4	July 3	2.65	3.4	2.65
Matthew Brown ...int	1.75	Aug 3	1.6	—	7.42
Cramphorn‡ ...int	10¶	—	5	—	25
Crystalate ...int	1.47	July 31	1.26	—	3.26
S. Jerome	1.99	July 17	1.99	2.69	2.69
Outwich	1.85	June 13	1.65	2.6	2.4
Readicut	1.2	July 21	0.1	1.2	0.1
Stewart Enterprise	0.4	—	0.4	0.4	0.4
Tysons (Contractors)	2.5	June 30	2.33	2.5	2.33
Warnford Invs	7.5	Oct 2	7	13.5	12.5
Whessoe ...int	2.5	June 29	2.5	—	5.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ To reduce disparity.

SHARE STAKES

Henlys—Coleman Milne has acquired a further 700,000 ordinary making 3.5m (24.98 per cent).

Management Agency and Music—Queens Moat Houses has purchased a further 100,000 ordinary and now has 845,000 (10.12 per cent).

Charterhouse J. Rothschild—Director N. O. Taube and the Rt Hon D. C. S. Montagu have each acquired 18,000 warrants and G. De Botton has acquired 14,000 warrants.

Garton Engineering—Primrose Hill Securities has sold 35,000 ordinary, reducing its holding to 767,100 (20.81 per cent).

Bishopsgate Trust—The Equitable Life Assurance Society's beneficial holding has increased to 2.6m ordinary stock units (11.03 per cent).

Gold and Base Metal Mines—Jantar has purchased a further 25,000 shares and now holds 1,237,495 (20.01 per cent).

Consultants (Computer and Financial)—Mr E. N. Aghababa, a director, has sold 5,000 new ordinary.

Dwek Group—EKS Investment AB (Sweden) has increased its holding by 14,324 ordinary and now holds 808,824 (9.61 per cent).

Sunbeam Wolsey—Mr K. A. Mulcahy, a director, has disposed of 75,000 ordinary.

Britannia Arrow Holdings—The Rt Hon Geoffrey Rippon QC MP has purchased 20,000 ordinary at 77½p each.

Tay Homes—Mr D. T. Spencer, chairman and joint managing director, has acquired a further 7,000 ordinary and now holds 2,019,415 (37.9 per cent).

General Investors and Trustees—Grenfell and Colegrave, brokers to General Investors, dealt on behalf of discretionary clients and sold 6,000 ordinary at 158p each.

Clive Discount Holdings—Mr N. H. Chamberlen, a director, has sold 10,000 ordinary.

AGB Research—The non-beneficial interests of Mr G. B. Audley a director, have been reduced by 20,000 ordinary.

Micro Focus Group—Mr B. Reynolds, a director, has reduced his personal interest by 100,000 shares and his indirect interest by a further 300,000 shares. He remains interested in 2,540,338 shares (20.8 per cent). Mr P. O. Grady, a director, has sold 100,000 shares and remains interested in 1,344,878 (11 per cent). Mr S. Lang has sold 50,000 shares and remains interested in 662,883 (5.4 per cent).

Horizon Travel—Greater Manchester Passenger Transport Executive has sold 750,000 shares, reducing the combined shareholding of GMPE/Lancashire United Transport to 3,747,990 shares.

BSR International—Australasian Properties based in Hong Kong has notified of the disposal of 26,688 Capetronic (BSR) 9 per cent redeemable cumulative preference shares. The shares have been converted into 2,000,000 BSR International ordinary shares and placed with institutions together with APL's former holding of 500,000 BSR International ordinary.

The Brunner Investment Trust—Sir Marcus Worsley, a director, has sold 39,000 ordinary, reducing his holding to 977,396 and his interest as trustee is unchanged at 1,149,174.

Sunbeam Wolsey—Mr J. O. Stanley, a director, has disposed of 10,000 ordinary, and two trusts of which he is trustee have disposed of a total of 30,000 ordinary.

May and Hassell—Mr Peter John Atley, a director, has acquired 15,000 non-beneficial ordinary, increasing non-beneficial holding to 407,406 shares (5.79 per cent) and 222,976 beneficial shares.

S and W Berisford—Mr A. J. Hodgson has increased his holding to 6,708 5 per cent cumulative preference shares (8.94 per cent). N. G. Hanson has increased his holding to 15,918 7½ per cent preference shares (21.22 per cent) and also holds 10,723 5 per cent cumulative preference shares (14.30 per cent).

Domestic appliance side leads TI recovery

THE STRENGTH of consumer demand in the past year had played a "major part" in the recent recovery of the TI Group, the annual meeting was told.

Profits generated by domestic appliance sales had increased from £16.9m to £22.7m, while there had been productivity improvements and an increase in market share in that sector, said Sir Brian Kellett, who retired from the chair at the conclusion of the meeting.

On the group's performance as a whole, Sir Brian said it had pulled strongly out of the recession with pre-tax profits up from £4.7m to £16.3m. "The strength of consumer demand helped the domestic appliance business to perform even better and to contribute the biggest advance in profits."

Further good progress was made towards turning round the cycle business, the trading loss being reduced from £7m to £2.5m in 1983. And that business was expected to move into profit this year.

Sir Brian said important rationalisation moves were negotiated with the British Steel Corporation in relation to loss-making areas of tube making, but the time taken to obtain the necessary consents prevented those arrangements coming into effect until the end of the year or later. Benefits of that loss-elimination would be felt in 1984.

Mr R. E. Utiger has become chairman.

S. Jerome

A second half profit of £599,000 at S. Jerome & Sons (Holdings) has wiped out the midway loss and produced an overall pre-tax surplus of £447,000 for the year 1983. This compares with a profit of £22,000 previously.

There are below-the-line extraordinary debits of £856,000. Despite this, the directors are maintaining the final dividend at 1.995p for an unchanged net total of 2.689p, reflecting the return to a "meaningful" level of profitability and prospects for the current year.

Turnover for the year came to £13.26m, against £12.63m, and the profit before interest surged from £122,000 to £594,000, comprising textiles £469,000 (loss £29,000) and electronics £125,000 (£151,000). Interest charges were £147,000 (£100,000).

The tax charge is £197,000 (credit £144,000) and minorities take £7,000 (£3,000), leaving a profit of £243,000 (£163,000). The extraordinary charges this time relate to losses and provisions on discontinued activities. Earnings are shown at 5.04p (3.38p).

Cramphorn

EXCEPTIONALLY good weather last autumn had a "material effect" on an improved trading result at USM-listed Cramphorn, garden and pet supplies distributor, in the half year to end 1983.

The company turned a comparable £69,595 loss into a pre-tax profit of £83,779. The interim dividend has been doubled to 10p in order to reduce the disparity with the final. Last year's total was 25p.

Turnover was up from £4.79m to £5.5m for the period, and tax took £30,000 (nil). Earnings per share were 22.3p, against a 28.9p loss.

The board has under consideration a capital reorganisation involving a subdivision of shares and a scrip issue. Negotiations have been concluded for the acquisition of a long-term lease of a garden centre site at Bury St. Edmunds. It is anticipated that this will open in the spring of next year.

Tysons slips

PROFITS OF Tysons (Contractors) fell from £860,899 to £812,655 in 1983, on turnover £3.42m down at £20.73m. The company constructs commercial and educational buildings in the Liverpool area.

After tax £20,762 (£44,033), net profit came out at £792,000 (£817,000), for earnings of 15.84p (16.34p). The dividend is lifted from 2.3292p to 2.5p.

Allied London Prop.

Pre-tax profits increased by 16 per cent to £1.01m in the half year to the end of 1983 at Allied London Properties against £866,711.

The interim dividend is increased to 0.22p net against 0.2p adjusted for last year's scrip issue. The total last time was equivalent to 1.33p.

The directors of this property investor hope that the steady demand in the south east for commercial, industrial and residential properties will enable them to report further progress in profitability for the current year.

Stewart

PRE-TAX PROFITS of Stewart Enterprise Investment Company fell from £127,000 to £83,000 for the year to March 31, 1984, while shareholders' funds increased from £7.35m to £7.94m and the dividend is held at 0.4p net.

Dividends and interest received totalled £314,0[illegible] (£216,000) and other income £28,000 (£40,000). Tax absorbed £33,000 (£47,000) for net income of £50,000 (£80,000) and earnings of 0.32p (0.51p) per 10p share.

Unilever profits up £29m in first quarter

COMBINED first quarter 1984 taxable profits of Unilever, the Anglo-Dutch foods, detergents and toiletries group, increased by £29m to £186m from turnover up £361m to £3.55bn.

In Europe both volume and profits were significantly higher than last year. Within the consumer groups, edible fats, frozen products, other food and drinks and personal products did much better, the directors say, than in 1983. Results of detergents were down on last year, while all industrial businesses had improved figures.

Pre-tax profits for the whole of 1983 were £768m (£725m) and turnover amounted to £13.39bn (£13.22bn).

In North America, Lever Bros invested heavily in launch expenses on new products and consequently their first quarter contribution was lower. As a result while the other major U.S. businesses had a good three months, total North American figures were down on 1983.

The directors say that continuing poor economic conditions and other adverse factors in the group's main areas of operation, still affect UAC International sales volume, and results showed a fall.

In the other businesses throughout the world, total sales and profits were well up on last year and they included a good contribution from expanding plantation interests.

The group said later that the investment by Lever Bros is a reflection of Unilever's confidence in the company's performance in the U.S. Lever is currently carrying out the national launch of its Dimension shampoo and conditioner. Its aim is to take the number one spot in the beauty shampoo market, an important part, directors said, of the $3bn hair care business in the U.S.

Elsewhere, there was "a clear improvement" in profitability in European operations, and although Nigeria remained a problem area, there were some strong performances elsewhere overseas.

Group operating profit amounted to £190m for the quarter, against £150m, associates share was £11m (same), investment income £1m (£2m), and other interest received and similar income added £20m (£30m). The pre-tax figure was after interest payable and similar charges, unchanged at £36m.

Tax charge was £90m, compared with £74, there was a previous year's tax adjustment credit of £1m (£1m debit), and minorities and preference dividends took £7m (same). Including an exchange gain this time of £1m the attributable balance came through £16m higher at £91m.

Results for the quarter, and the comparative figures, were translated at the rates of exchange ruling at the end of 1983, the directors point out. An exception was made for the results that arose in hyper-inflationary economies, which for the current quarter were translated at forecast closing rates for 1984.

In the 1983 accounts a number of changes in presentation were made as a result of the UK Companies Act, and in anticipation of the Revised Civil Code, Book 2, in the Netherlands, which comes into effect for the 1984 accounts. Quarterly results have been amended in line with the changes.

The directors add that, in line with a change made in the 1983 accounts, operating profits are affected by the reclassification of exchange differences arising on cash and borrowings, which are included as interest receivable, or payable as appropriate. Figures for 1983 have been restated on a comparable basis.

See Lex

HIGHLIGHTS

Mercantile House is buying up another discount house and 29.9 per cent of Laing & Cruickshank, the London stockbroker. Lex looks at the implications of the move before turning its attention to the offer by Mr Maxwell's BPCC for Bishopsgate Trust which was announced yesterday together with the publication of the publishing group's annual report. Unilever reported first quarter figures yesterday and despite heavy launch costs of a new shampoo in the U.S. pre-tax profits managed to rise by 19 per cent to £186m. Finally the column comments on the weakness in the U.S. bond market and its impact on sentiment in London.

Dencora expands to £1.04m

Pre-tax profits of Dencora, property investment and housebuilding company quoted on the USM, surged from £460,000 to £1.04m for the year ended December 31, 1983 on turnover up £2.79m to £7.93m. There is again no dividend.

Profits included other operating income of £1.42m (£1.05m) and interest received of £19,000 (£4,000), but were after administration expenses, up *from* £937,000 to £1.29m, and interest payable of £958,000, against £892,000.

There was a tax credit of £16,000, compared with a £8,000 charge, and extraordinary credits of £5,000 (£72,000). Earnings per 25p share were much higher at 8.4p against 3.6p previously.

The housebuilding division had a successful year, directors say, with 120 houses sold, and the current year should show an improvement. *They* add that the company has sufficient land bank stock for the next two to three years for development in this field.

Commenting on the current year, the directors say it is proving to be very busy with a number of commercial schemes being developed with several pre-lets. The industrial portfolio is expanding in line with group policy and lettings are encouraging.

Group revenue should be boosted by several rent reviews, to be agreed this year, and the asset base, directors state, should increase considerably in view of the number of developments which will be completed and let during the year.

The group's total property assets are now valued at £23.2m (£18.7m)

All commercial properties developed during 1983 have been retained in the investment port*folio.*

Crystalate doubles profit and lifts interim

INCLUDING FOUR months *results from the Royal Worcester* acquisition, profits of Crystalate Holdings for the six months ended March 31 1984 have doubled to £2.8m pre-tax, and the interim dividend is lifted from 1.26p to 1.47p net.

The second half covers a quiet seasonal period for the fine china business, but the directors expect the results to show an improvement over those now reported. This will especially reflect continued progress from all electronics activities.

In the period, sales trebled to £34.61m and the operating profit surged from £1.43m to £3.33m analysed as follows, in £000's:—electronics £22.89m (£11.481) and £2.227 (£1,426); fine china £10,899 and £1,011 and industrial ceramics £816 and £90. The fine china and industrial ceramics businesses were acquired through the purchase of Royal Worcester, along with Welwyn Electronics.

The directors continue to assess *the* future of the china and industrial ceramics activi*ties, both of which display en*couraging trading prospects, and the possible attraction of disposal. A number of parties have expressed interest in acquiring those businesses.

The original Crystalate electronics activities have performed consistently, with the Greendale and Osborne operations recording further improvement and Ebonestos providing a further useful contribution. Besson remains the major contributor but encountered predicted but temporary *problems* with new products and assembly techniques.

A new business, Crystalate GCIE SA near Paris, was acquired to provide a further interest in the French defence and telecommunications industries.

Welwyn obtained excellent results especially from its micro-electronics division although the resistor and strain measurement businesses also performed well.

The china companies enjoyed a buoyant Christmas season and *Worcester Royal Porcelain and* Spode each show improved profitability reflecting the past investment in new designs and modern production plant. Both operations have also benefited from increased penetration of the U.S. market.

The industrial ceramics company increased its profitability.

After tax £1.34m (£702,000), extraordinary credit £279,000 and minorities £16,000, the net attributable profit came out at £1.73m (£707,000). Earnings are shown at 7.21p (4.69p) basic and at 5.19p (4.1p) fully diluted. In the year ended September 30 1983 sales totalled nearly £24m and profit before tax was £3.21m.

The extraordinary item is a credit for referred tax to reflect the future corporation tax rates proposed in the Budget.

● comment

Royal Worcester has turned out to be an even better buy than Crystalate dared hope for when *it made its acquisition for £24m* in paper last year. Pre-tax profits have doubled, earnings per share are up 54 per cent on the increased capital, and the main target of the purchase, RW's electronics arm, Welwyn, has fitted well into the existing operations. But the real surprise is the news that Crystalate will be looking for at least £25m if it goes ahead as expected with plans to sell RW's fine china business. Such a deal would then generate far more cash than anticipated for reinvesting in the electronics businesses, possibly for further expansion into Europe and almost certainly for further *acquisitions*. The outlook for the electronics companies is good, though growth at the biggest subsidiary, Besson, was held back by teething troubles with new machinery and by component delivery delays. For the year, £6m pre-tax looks within reach, putting the shares, up 1p at 271p, on a prospective p/e of 26, on a fully diluted basis, assuming a 48 per cent tax charge.

Brikat USM placing gives market value of £6.6m

Brikat, which produces the Pegasus brand of business accounting software for micro-computers is coming to the USM by way of a placing of 1.2m *shares* at 140p per share giving a market value of £6.58m.

Laing & Cruikshank are brokers to the issue which will raise £803,000 for the company. The funds will be used in part to finance the group's expansion in the U.S. where it has started selling a U.S. adapted version of the Pegasus software called Osprey. Pegasus has 15 per cent of the £12m UK business accounting software market.

Brikat has a systems distri*bution and maintenance business* called HB Computers which contributes only minimally to profits but the directors say the business gives them an important feedback on customer *preferences and needs.*

It has two other subsidiaries, Days, which sells stationery and office equipment, and Colton, a printing company. Together, they contributed £326,000 of the total £1.85m pre-tax profits

Brikat directors forecast pre-tax profits of not less than £625,000 for the current year which puts the shares at the placing price on a prospective p/e of 20.3 based on a 54 per cent tax charge, and a 2 per cent *yield.*

Stat-Plus to get USM quote via share tender

Laurence Prust is bringing the law and commercial stationery supplier, Stat-Plus, to the USM by the unusual method of a placing of 1.43m shares by tender.

Several institutions were invoted to tender at a minimum tender price of 80p. The offer was oversubscribed and a striking price of 110p per share has been decided, giving the company a market capitalisation of £7.9m.

Mr Trevor Painting and Mr Derek Bird, joint managing directors, and Mr Bird's wife *Patricia have built up the* business, located in the South and South East, supplying stationery with a particular regard to the needs of the legal *profession*. The distribution centre is in Collier's Wood, and Stat-Plus provides an overnight supply service for law forms and other stationery.

The directors hope to expand geographically, probably through the acquisition of small stationery businesses for which a quotation will give them greater flexibility. They expect to fund the major pat of such expansion from retained profits and depreciation.

The company has grown rapidly and in 1983 made pre-tax profits of £700,000 on turnover of £3.55m. In each of the three years to December 1983, return on trading capital employed exceeded 100 per cent. Sales in the first three months of 1984 were 30 per cent higher than in the first quarter of 1983.

The p/e on a 35 per cent tax charge is 17.2 based on the 110p striking price. The prospective *yield is 2.3* per cent. *Dealings* should begin on May 21.

Readicut pays 1.2p on strong recovery

HERALDING what the directors describe as a new era of profitability, Readicut International, manufacturer of rug kits and specialist textile products, swung round from losses of £1.52m to pre-tax profits of £3.77m in the year to March 31 1984, and is paying a 1.2p net dividend, compared with a nominal 0.1p for the last three years.

At midterm the recovery was from a deficit of £1.89m to profits of £443,000 and the *directors said then they* were hopeful of eliminating loss-making activities and disposing of surplus properties within the group.

They now say that, as over the past four years management has concentrated on restructuring the group into an efficient entity, the core strength now rests firmly in modern and compact manufacturing facilities.

Furnishings and textiles reported significant increases in turnover and profits during the year under review and the two carpet manufacturing companies achieved "excellent" results.

In handicrafts, restructuring the rug kit undertakings continued throughout the 12 months with a much improved rate of return in the second half; a period which also saw losses on yarns and fibres slowing.

As regards the current year they say the momentum of recovery in handicrafts will be maintained by operating from a much lower cost base, further economies in areas of order processing and advertising, and extending the product range.

	1983-84	1982-83
	£	£
Turnover	101,863,238	92,966,948
Cost of sales	77,376,950	70,731,985
Gross profit	24,486,288	22,234,963
Distrib. & admn.	19,828,742	22,432,033
Other operat. in.	949,595	877,385
Trading profit	5,607,141	680,315
Interest	1,834,688	2,196,413
Profit before tax	3,772,453	†1,516,098
Tax	1,154,104	476,206
Net profit	2,618,349	†1,992,303
Extraord. debits	1,143,963	5,150,620
Dividends	955,513	109,223
Retained	518,873	87,252,146

† Loss

Earnings per 5p share for the period under review are stated at 3.36p compared with losses of 2.63p, and net borrowings at the year end were down to £10.11m

● comment

The sources of Readicut's profit resurgence are a touch mysterious, since the group has postponed publication of its usual *divisional* breakdown *until* the Report and Accounts; with Mr Joe Hyman's stake now at 17 per cent, the board prefers to keep its cards close to its chest. But although group volume is up 9 per cent on the year, the bulk of the improvement results from surgery; discontinued businesses alone account for £1.2m of the turn-round at the pre-tax level. Year-end net borrowings are £5½m lower, at £10.1m, and now stand at 41 per cent of share*holders' funds; property sales* fetched £1m last year, and there is still some £1½m to come. Barring disappointments—something of a Readicut speciality of late — this year's pre-tax might reach £4½m. Five years ago the figure was double that, but rug kits are down to 10 per cent of turnover, and falling; if the group is to regain its former size, it will be in quite a different form. At 35p — up 3p —the shares are on a prospec*tive p/e* of 8, assuming an unchanged 30 per cent tax rate.

Work shortage cuts Whessoe profit to £1.12m midway

ALL MAIN sub-groups of Whessoe, the *Darlington-based* engineering concern, suffered the effects of an unexpectedly severe and continuing shortage of new work, which left the total taxable profit at £1.12m for the half year ended March 31, 1984, less than half the comparative figure of £2.59m.

Though some increase in the group's profit is expected for the second half, the full year's result is now likely to be appreciably lower than last year's *£6.88m*.

After tax of £662,000 compared with £1.28m, earnings per 25p share are given as down from 8.9p to 2.5p, but the interim dividend payment is maintained at 2.5p net absorbing £451,557 (same).

Turnover for the 12 months slipped to £52.42m, against £52.97m, and with pre-tax profits were split as to: heavy engineering £25.27m (£24.18m) and £1.48m (£1.83m); high pressure pipework £23.97m (£25.23m) and £595,000 loss (£562,000 profit); light engineering £3.18m (£3.56m) and £239,000 (£491,000).

Heavy engineering in the UK made good profits on completed contracts, directors state, but these were reduced by low activity mainly at the Darlington works. Whessoe Ireland, however, achieved rather better activity and operated profitably.

The Aiton companies in the UK and Australia remained busy, *although contract* completions and profits were *low*. The sub-group's loss for the six months was substantially that of Aiton Power, the Canadian subsidiary, which suffered acute work *shortage* throughout the period.

● comment

The combination of poor first-half figures and a gloomy statement coming so soon after the chairman's more hopeful comments at the AGM clipped nearly a fifth off Wessoe's share price. The current shortage of work for power stations is the main problem, affecting both the heavy engineering activities and and the high pressure pipework businesses. In Canada, where the nuclear power station business is in an advanced state of inertia, the position is particularly acute, accounting for most of the near £0.6m losses by the Aiton subsidiaries. These poor results have triggered off a major in-house review of prospects in the area—and this could lead to a fundamental rationalisation of the business. A contraction of capacity is already underway at home in Darlington given that the next nuclear power station contracts are at least 18 months away. All this confirms the gloomy short-term prospects—but at least Whessoe has a *strong* balance-sheet to help it bridge the trough. Work-in-hand should result in around £4m pre-tax for the full year, which will include about £0.5m asociates. At a full tax charge the prospective p/e is 7.5 at 88p, down 20p—a rating which takes account of the company's mercurial track record and the uncertainties of the outcome of the arbitration proceedings over the hefty Qatar claim.

600 Group in £14.3m U.S. sale to Rexnord

THE 600 Group, the machine tools and material handling equipment maker, has agreed to sell its 28.7 per cent stake in Clausing Corporation, to Rexnord, a Milwaukee, Wisconsin-based machiner and components manufacturer for $19.75m (£14.28m).

The 600 share price rose 13p yesterday to 93p.

Rexnord will pay $13.50 cash per share for the holding in Clausing which was built up by the 600 Group from an initial 20.6 per cent stake bought in September 1980.

The 600 Group valued its Clausing holding at £5.68m in its latest accounts at March 31 1983 and its share in net profits before tax and extraordinary items was £1.25m.

The UK group said it will maintain its close association with Clausing through a partnership in Clausing Machine Tools, which distributes certain 600 Group and other machine tool products in the U.S. It will use the cash from the sale to expand its business and repay borrowings.

Mercantile House reaches agreement on two major purchases

Mercantile House has reached agreement to acquire Jessel, Toynbee and Gillett, and 29.9 per cent of Laing and Cruickshank.

These two acquisitions represent further important steps towards Mercantile's objective of building an organisation that can play a significant part in the development of London markets for securities and related financial instruments, the directors state.

Jessel offer terms are three Mercantile ordinary shares for every 10 Jessel ordinary.

As an alternative holders can elect to receive 110p nominal amount in floating rate loan notes 1989 of Mercantile for each Jessel share.

Floating rate notes will only be issued in respect of a maximum of 50 per cent of the ordinary shares in Jessel.

Accepting holders who elect for up to 50 per cent of their ordinary will receive the loan note for all such shares. To the extent that holders elect for the loan note alternative in respect of more than 50 per cent, the amount of each election for more than 50 per cent comprised in an acceptance will be scaled down pro-rata to the amount of the loan note alternative remaining available and ordinary shares issued in respect of the balance.

Interest on the floating rate loan notes will be at the sixth month sterling LIBOR.

The terms of the preference offer are 80p in cash for each Jessel 3.75 per cent redeemable cumulative preference share.

Full acceptance of share offer would involve the issue of 6,412,258 new Mercantile House ordinary representing 7.9 per cent of the enlarged capital.

Hmac Industries

Hmac Industries Inc, a subsidiary of Hanson Trust, has extended its tender offer for the common shares of U.S. Industries Inc at $23 net per share.

The extended offer will expire at midnight New York City time on May 23 unless further extended. The offer had been scheduled to expire on May 11.

RTZ sells software division for £2.5m

By Alexander Nicoll

RTZ Computer Services, part of the Rio Tinto-Zinc mining group, has ended a marketing agreement with U.S. software manufacturer McCormack & Dodge by selling its software division to the American company for about £2.5m.

The Bristol-based division and its 75 employees yesterday joined McCormack & Dodge, itself a subsidiary of Dun & Bradstreet which last week announced a £71m agreed bid for Britain's Datastream.

Officials of the two companies said yesterday that there had been a conflict between McCormack & Dodge's desire to build up a long-term market share for its software products and RTZ's focus on the nearer-term profitability of agency business.

Mr Roger Miller, managing director of RTZ's surviving computer services division with 56 employees, said it would continue its agency services, including marketing and consultancy, but would avoid being too dependent on one company. The division plans to develop its own products for mini-computers and intends to make several acquisitions

Mr Cormack & Dodge, which is forming the newly-acquired division into a new subsidiary, specialises in producing software for IBM mainframe computers, and in adapting it for ICL mainframes.

Mr James McCormack, chairman of the U.S. company, said that by rapid increases in sales force and development spending, McCormack & Dodge could achieve revenue growth faster than the 35 per cent to 40 per cent annual rate at which the software market is expanding. "It is our strategy to have the largest market share. Then you can call the tune in your own business segment," he said.

The price paid to RTZ Computer Services was split about equally between the net asset value of the software division and goodwill plus product and marketing values.

Ladbroke Group

Ladbroke Group has acquired 75 per cent of shares in Olivers (UK) for £564,150 (subject to adjustment). The consideration has been satisfied by £165,000 in cash and £195,220 in the allotment of 84,731 fully-paid 10p ordinary shares of Ladbroke. The balance will be satisfied by the allotment in 1985 of further Ladbroke shares.

The 84,731 Ladbroke shares will not qualify for the final dividend to be paid next month.

Olivers (UK), a Luton based private company, has expanded rapidly since 1982 and now has 20 stores in England and Scotland in high street locations.

Mr Ian MacKechnie, managing director of Olivers retains a 25 per cent shareholding and will lead the company's expansion programme.

Fado Investments

Fado Investments has acquired more than 5 per cent of the issued capital of Olives Paper Mills, an associate of Bolt Engineering Services and other UK manufacturing companies.

* * *

Tikkurilan Varitehtaat Oy purchased on May 11 a further 450,000 ordinary shares in Donald Macpherson at 125p, and now owns 2.35m ordinary (13 per cent).

Institutions accept BPCC offer for Bishopsgate

THE BOARDS of British Printing and Communication Corporation and Bishopsgate Trust have agreed terms for the acquisition by BPCC of Bishopsgate.

Irrevocable undertakings to accept the ordinary offer have been received from Equitable Life Assurance, Prudential Assurance and Standard Life Assurance in respect of a total of 12.07m ordinary stock units—51.2 per cent of those in issue.

Consideration under the ordinary offer will be new BPCC ordinary (taken at a price of 205p) to the value of 110.053 per cent of the net asset value per Bishopsgate ordinary stock unit, subject to a maximum net asset value of 223.4p. If the net asset value is over 223.4p but does not exceed 230p, an amount in cash equal to 102 per cent of the excess will be paid. To the extent that the value exceeds 230p, an amount equal to 100 per cent of the excess will be paid (out of BPCC resources) for each Bishopsgate ordinary unit.

Calculation of the value will be made as at the close of business on the date on which the ordinary offer becomes or is declared unconditional as to acceptances.

The maximum number of new BPCC ordinary which may be required to be issued, assuming the maximum value of 223.4p and full aceptance of the ordinary offer, is some 28.3m. This would represent some 19.2 per cent of the enlarged ordinary capital of BPCC.

On the basis of full acceptance of the ordinary offer and the estimated current value of some 203.1p, a valuation of some £52.7m is placed on the whole of the Bishopsgate ordinary.

Hill Samuel, as principals, will make a separate cash offer to purchase, or procure purchasers for, all or any of the new BPCC ordinary to which holders of Bishopsgate ordinary stock units will become entitled at 190p per share, free of all expenses.

Bishopsgate ordinary stockholders who accept the cash alternative will therefore receive cash equity to 102 per cent of the value up to a value of 230p, together with 100 per cent of the excess value over 230p.

Under the irrevocable undertakings, stockholders have undertaken to take BPCC ordinary and not to elect for the cash alternative in respect of 6.03m Bishopsgate ordinary.

Holders of Bishopsgate ordinary will be entitled to the second interim dividend, of 2.3p in respect of the year to March 31 1984.

The new BPCC ordinary will not rank for the final dividend payable on existing BPCC ordinary in respect of 1983.

It is proposed that existing holders of BPCC ordinary shall be given the opportunity to purchase for cash the new BPCC ordinary being issued under the ordinary offer, at the underwritten price of 190p, to the extent that the holders of Bishopsgate ordinary elect to receive the cash alternative.

Maximum new BPCC ordinary for which a shareholder may apply will be limited to eight new BPCC ordinary for every 11 BPCC ordinary of which he is the registered holder today.

Pergamon Press is acting as sub-underwriter in respect of some £10m of the underwritten new ordinary, but will not be taking up any of its entitlement under this offer to BPCC shareholders, in order to give other shareholders an opportunity to increase their proportionate holding in BPCC.

Mr Robert Maxwell, who owns 927,643 ordinary of BPCC in his personal capacity, will be applying for his entitlement.

An offer for the preference of Bishopsgate will be made on the basis of £100 cash for every £100 nom stock.

Bishopsgate has outstanding £4m 7 per cent to 17 per cent stepped interest debenture stock 2023. Appropriate proposals will be put to holders of stock for its cancellation at a price of not less than £118 per £100 nom, together with accrued interest.

Wm. Leech says bid by Beazer is 'offensive'

THE BOARD of William Leech, housebuilding and development concern, considers the bid from C. H. Beazer (Holdings), property developer, to be "offensive" to the company and in no way represents the interests of its shareholders, who are strongly advised to continue to take no action.

It is the firm view of the Leech board and its advisers that the offer represents a gross undervaluation of the company and its potential.

Mr J. R. Adamson, chairman of Leech, yesterday received a visit from Mr B. C. Beazer, chairman and managing director of the suitor.

The board's response to Beazer's approach will be issued to Leech shareholders following receipt of the offer document.

The Leech directors and their families will not be accepting the offer in respect of their holding, and Mr W. C. Leech, the president, who has a power of veto over the sale of Leech shares held by the William Leech Foundation, has informed the board that he is not in favour of the Foundation accepting the offer.

Leech has been notified that Beazer holds 1.92m of its shares, while Poco Properties no longer owns 1.02m Leech ordinary.

BIDS AND DEALS IN BRIEF

Lincroft Kilgour, the cloth merchanting and meanswear group, has sold its holding of 1.49m shares — 12.42 per cent of the equity — of Richards, the yarn manufacturing group.

The shares were placed by Richards stockbrokers, Parsons & Co, with a number of institutional and private investors at about the market price of 34-35p. Lincroft bought 1.45m of the shares in two tranches in late 1982 and early 1983 at about 20p each.

Mr Tony Holland, Lincroft chairman, said: "It was an investment. The market price changed rather dramatically so we sold. Our investment policy puts an emphasis on capital growth."

* * *

The Merchant Navy Officers Pension Fund has made an agreed offer for Oil and Gas Production.

It values OAGP at £15m and the price of 63.3p per share represents an increase of more than 54 per cent over the closing middle market price of 41p on November 21 1983, the day before the OAGP directors announced they were investigating laternatives to maximise the company's share value.

* * *

Robert Moss, maker of plastic moulded injections, has acquired Unicap Plastics, of Guildford, for £100,000, satisfied by the issue of 107,524 ordinary shares.

Unicap supplies small plastic components, and its range will be transferred to and absorbed into the Moss operation at Kidlington. Moss is expected to benefit to the extent of some £150,000 additional turnover annually and around £30,000 more profit.

* * *

The following proposed mergers are not being referred to the Monopolies and Mergers Commission: Woolworth Holdings and Comet Group; Paragesa Holdings SA and Group Bruxelles; Lambert SA and substantial minority in Henry Ansbacher Holdings; Suter and Francis Industries.

* * *

Fairey Holdings has acquired a 35 per cent shareholding in Hy-Comp for a total consideration of £210,000.

Based in Ashford, Middlesex, Hy-Comp is a specialist in the preparation and supply of microchips and the manufacture of high technology microchip-based components used in hybrid electronic assemblies.

The company also supplies surface mounted devices.

* * *

AGB Research has purchased 60 per cent of Medical Direct Mail Organisation from the Porton Group for a consideration wholly in cash. MDMO specialises in selective direct mail and marketing systems for the health care industry.

* * *

TR Energy has agreed to acquire certain oil and gas interests from the BSC Pension Fund Trustees, principally the convertible subordinate debentures of Maynard Oil, Crystal Oil, and Kirby Exploration.

These companies have substantial reserves, mostly in gas in Texas and Lousiana.

The deal takes effect from May 11. The consideration is $1.09m (£0.79m), to be satisfied by the issue of 1.72m shares in TR Energy (7.3 per cent of the enlarged share capital).

The transaction is expected to take place by June 15. The annual income before tax from these holdings is around $139,000.

* * *

Westall Richardson, the privately-owned Sheffield cutlery company which is now the world's largest producer of kitchen knives, has acquired Elford Plastics, of West Yorkshire, for an undisclosed sum.

The takeover will allow the company to phase out imports of knife handles from Europe. The 60 jobs at Elford Plastics will be unaffected, and Mr Maurice Elford, managing director, joins the main Westall Richardson board.

Mr Bryan Upton, Westall Richardson managing director, said the acquisition was part of a major expansion programme by his company to meet rising export sales.

* * *

Pennine Resources says its U.S. subsidiary had agreed to purchase a block of petroleum-related and real estate assets located in and around Chanute, Kansas, belonging to Mr Jerry L. Phillips.

The assets have an appraised or mutually agreed value of approximately $8m carrying existing mortgages and loans of $3.05m. Pennine is paying $1.25m cash for the complete portfolio.

* * *

McCorquodale's offer for Avon Valley Investments has been accepted in full. The principal subsidiary of Avon Valley Investments is Varnicoat of Pershore. The acquisition represents an initial entry by McCorquodale into the heat set web and gravure colour markets.

UK COMPANY NEWS

Baggeridge well ahead at £0.49m midterm

GROWTH at Baggeridge Brick, the Dudley-based supplier of materials to the construction industry, continued apace in the six months to March 31 1984, with pre-tax profits jumping from £300,000 to £492,000 on turnover ahead from £3.15m to £3.86m.

The directors explain that an increase in production at Sedgley was made possible by new brickmaking plant installed a year ago. This, together with the introduction of natural gas in the last quarter at this works, contributes largely to the improved first half result. Natural gas also became available at Kingsbury from the middle of March, they add.

There continues to be a keen demand for the company's specialised products which are sold into a wide market in the UK, they report, and it is anticipated that this trend will continue for the remainder of the current year.

Trading profits in the opening six months improved by £230,000 to £683,000.

With the tax charge up from £156,000 to £246,000, the net outcome showed a £102,000 increase at £246,000, while earnings per 25p share expanded from 3.6p to 6.15p.

On these the net interim dividend is lifted from 1.5p to 1.875p; last year's total being 5.25p on profits of £837,000 (£488,000).

BTR 50% higher and major bid in the offing

BTR has started the current year showing a sharp increase in profits and is planning a major acquisition, preferably in the U.S., which could cost anything between £250m-£500m.

The likely target would have a turnover above U.S.$1bn and BTR could make such a bid towards the end of this year, although it is more likely to be in 1985.

Sir David Nicolson, chairman, told yesterday's annual meeting that pre-tax profits, excluding Houston-based energy operations for more meaningful comparison, were some 50 per cent higher than in the opening period last year.

BTR's share price rose 20p yesterday to 480p.

The excluded energy operations which incurred substantial losses in the first half of 1983 had consolidated on a break-even base from which a gradual improvement was in train.

Sir David said that for the group as a whole in the opening months of 1984 margins had continued to progress and order intake had been reflecting volume improvement in a number of business sectors.

Accompanying news of higher profits was an announcement of changes on the board.

After 15 years as head of the group Sir David is handing over to Mr Owen Green, who is to become group chairman and chief executive.

Sir David said he would be remaining on the board as a non-executive director.

Mr Green, who yesterday celebrated his 59th birthday, said "Acquisitions have certainly continued to feature in our growth plans and our forward plans are aimed at maintaining the sort of growth we have experienced in the past."

He said the "bumper 50 per cent profits increase" scored in the opening months of this year was arrived at after adjusting comparisons to include results of Tilling, acquired last year.

Sir David reported Tilling was now integrated into the BTR organisation, the necessary structure changes had been implemented and the BTR reporting system introduced.

Profits were increasing and the full fruits of the Tilling acquisition would be very evident in the course of one year or two years at the most.

Mr Green has given himself two years in which to find a successor for his own top job, he said later yesterday: "I would not expect to be chief executive for more than another two years. After that I will become non-executive chairman."

Warnford Investments dips to £3.7m

A REDUCTION in pre-tax profits from £3.84m to £3.72m has been shown by Warnford Investments for the year to December 25 1983, although at the end of the last full year directors predicted a satisfactory increase in revenue both before and after tax.

The net final dividend of this close company which invests in property has been raised from 7p to 7.5p which lifts the total from 12.5p to 13.5p net.

Turnover moved up from £4.49m to £4.98m.

During the year the directors say a small investment was made in oil wells in Oklahoma in the U.S. Of the amount invested £134,454 has been charged against revenue for the year. No appreciable income was received in 1983, but all the wells are now in production.

Depreciation is now provided on freehold buildings and an amount of £26,268 has been charged for the year.

Investment properties owned by the group were valued on the basis of open market value at the year end at a total of £47.44m. No allowance has been made in this figure for expenses of sale or for tax, which would arise in the event of the properties being sold.

After tax, profits decreased from £2.09m to £1.87m. There was an extraordinary debit this time of £230,000 representing the re-investment of deferred tax following the Finance Bill.

J. Beattie growth rate slows down

SECOND HALF pre-tax profits of James Beattie, retail stores operator, rose by £292,000 to £3m and, coupled with a £415,000 improvement to £1.19m in the first six months, left the result for the year to January 31 1984 ahead from £3.46m to £4.19m.

As regards the current 12 months, the directors report that trade has not been buoyant in the first few weeks and sales by April 30 were only 3 per cent above those for the corresponding period.

Turnover for the year under review pushed ahead from £39.81m to £43.38m, including VAT. On this, a trading result of £4.21m (£3.51m) was struck, before interest payable of £23,000 (£26,000) and the inclusion of £659,000 (£620,000) on account of interest received.

Earnings per 25p share advanced from 8.01p to 9.79p, following a tax charge of £1.95m (£1.64m), and the net dividend is lifted from 2.65p to 3.4p.

The directors report that the company is hoping to be able to begin an extension to its Birkenhead store in 1984 and possibilities elsewhere are being considered.

Intervision rights

THE Intervision Video rights issue resulted in 77.55 per cent of the new ordinary shares being taken up by shareholders, and the balance of 1.14m shares has been sold in the market at a premium which will be distributed to those who did not take up their provisional allotments.

Matthew Brown at £2.73m as growth is maintained

AS FORECAST at the last AGM, Matthew Brown, brewer, continued its progress in the six months to March 31 1984 with pre-tax profits advancing from £2.51m to £2.73m.

This was achieved on an increase in turnover from £17.72m to £19.23m and, following depreciation of £780,000 (£652,000), the trading outcome finished £411,000 higher at £2.77m.

The pre-tax results included a £3,000 (£24,000) profit on disposal of properties and investments and £6,000 (same) for income from investments. It was after interest payable of £46,000 (£121,000 received).

With tax taking £1.22m (£960,000), earnings per 25p share fell from 7.54p to 7.19p. However, to reduce disparity with the final dividend, the interim distribution is being raised from 1.6p to 1.75p net. Last year's total payment was 7.42p from profits of £6.43m.

Following the proposed changes contained in the 1984 Finance Bill, the tax charge for the half year has been calculated at 47.5 per cent and provision has also been made for deferred tax on all material timing differences arising in the period at a rate of 35 per cent, making an effective rate of 44.5 per cent compared with 38.3 per cent for the corresponding period last year.

The directors consider it is likely that provision for deferred tax will be required in respect of capital allowances received in previous periods.

The amount of provision which will be an extraordinary charge against the profit for the year has not yet been accurately calculated.

This year's trade includes some 10 weeks' contribution from the newly acquired Carlisle public houses, but this gain was offset by the fact that Easter fell within the first half of last year.

The company's two bitter beers have held up well in what remains a depressed trading region. Sales of its mild beers are slightly down

Confidence in Slalom, the directors state, is such that, since the end of the first half, the company has entered the national take-home market for the first time, albeit on a modest scale.

The profit margin is small in this exceptionally competitive field but, supported by highly successful sales to the company's tied and free-trade outlets, the contribution will be positive, they say.

They add that they cannot report any definite outcome to the T. and R. Theakston acquisition proposals, on April 17 in the High Court.

Judgment was given in favour of Paul Theakston, confirming the legality of his holding of a majority interest in his company, supported by a loan from Matthew Brown.

The directors understand that an appeal is to be lodged against this verdict and must await the judgment of the Appeal Court before any further progress can be made.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim:—Grand Metropolitan.

Finals:—Anglo American Coal, Amos Hinton, Jitra Rubber Plantations, London and Lennox Investment Trust, Walter Runciman, Sears, Seccombe Marshall and Campion, Uniflox.

FUTURE DATES

Interims:—	
Davenports Brewery	May 25
Esploy Trust	May 21
ICL	May 22
Irish Distillers	May 23
Kelsey Industries	May 22
Management Agency & Music	May 22
North Midland Construction	May 16
Ranks Hovis McDougall	May 22
Sidlaw	May 23
Western Selection	May 17
Finals:—	
Associated British Foods	May 21
GT Global Recovery Inv. Tst.	May 24
Goldberg (A.)	May 26
Hill (Philip) Investment Trust	May 24
JSD Computer	May 21
London Pavilion	May 18
London Trust	May 17
Macdonald Martin Distilleries	May 25
Nineteen Twenty-Eight In. Tst.	May 25
Northern Securities Trust	June 14
Personal Assets Trust	May 18
Redman Heenan International	May 17
Sandhurst Marketing	May 24
Slaters Food Products	May 17
Tolbex	May 18
Toshiba	May 25

Ryan Intl. tops £1m mark but dividend still omitted

FOLLOWING consolidation of a newly acquired subsidiary at Ryan International, pre-tax profits increased from £866,000 to £1.12m for 1983. Turnover of this Cardiff-based plant hire contractor and coal factor expanded from £12.22m to £25.02m.

In the light of circumstances and uncertainties arising from the industrial dispute between the NCB and NUM, the directors are not recommending the payment of a dividend. This is contrary to their prediction at the end of 1982 that dividends would be resumed.

Earnings per 5p share fell from 2.86p to 0.97p.

During 1983 the directors say that the group acquired the outstanding share capital of Ryan Europe SA which has been consolidated as a subsidiary. In previous years these results had been included on an associate basis.

In coal recovery operations the directors say that Ryan Europe maintained a "superlative performance" throughout the year, but in the UK and U.S. significant losses were incurred. Building products continued to make progress in sales turnover and profitability.

The financial results of newly acquired subsidiaries have been consolidated as from the beginning of 1984

At the operating level profits increased sharply from £664,000 to £2.52m which included associate losses of £143,000 against previous profits of £524,000.

Interest payable came to £1.35m against £432,000. Interest receivable was £79,000 (£110,000).

Tax amounted to £365,000 (credit £59,000) and there was a pre-acquisition profit of £433,000 in Ryan Europe this time.

At the end of the last full year the directors said that the level of group borrowings would increase substantially as a result of considerable growth in operations and the Ryan Europe acquisition.

BASE LENDING RATES

A.B.N. Bank	9 %
Allied Irish Bank	9¼%
Amro Bank	9 %
Henry Ansbacher	9¼%
Armco Trust Ltd.	9¼%
Associates Cap. Corp.	9 %
Banco de Bilbao	9¼%
Bank Hapoalim BM	9 %
BCCI	9¼%
Bank of Ireland	9¼%
Bank of Cyprus	9¼%
Bank of India	9¼%
Bank of Scotland	9¼%
Banque Belge Ltd.	9¼%
Barclays Bank	9¼%
Beneficial Trust Ltd	10 %
Bremar Holdings Ltd.	9 %
Brit. Bank of Mid. East	9 %
■ Brown Shipley	9¼%
CL Bank Nederland	9 %
Canada Perm't Trust	9 %
Castle Court Trust Ltd.	9¼%
Cayzer Ltd.	9¼%
Cedar Holdings	9 %
■ Charterhouse Japhet	9¼%
Choulartons	10¼%
Citibank NA	9¼%
Citibank Savings ¶	9¼%
Clydesdale Bank	9¼%
C. E. Coates	10¼%
Comm. Bk. of N. East	9¼%
Consolidated Credits	8¾%
Co-operative Bank	9 %
The Cyprus Popular Bk	9¼%
Dunbar & Co. Ltd.	9¼%
Duncan Lawrie	9¼%
E. T. Trust	9¼%
Exeter Trust Ltd.	10¼%
First Nat. Fin. Corp	11 %
First Nat. Secs. Ltd	9¼%
Robert Fraser	10 %
Grindlays Bank ‡	9 %
■ Guinness Mahon	9 %
■ Hambros Bank	9¼%
Heritable & Gen. Trust	9¼%
■ Hill Samuel §	8¾%
C. Hoare & Co. †	9 %
Hongkong & Shanghai	9 %
Kingsnorth Trust Ltd.	10 %
Knowsley & Co. Ltd.	9¼%
Lloyds Bank	9 %
Mallinhall Limited	9 %
Edward Manson & Co.	10¼%
Meghraj and Sons Ltd.	9¼%
Midland Bank	9¼%
■ Morgan Grenfell	9 %
National Bk. of Kuwait	9 %
National Girobank	9 %
National Westminster	9 %
Norwich Gen. Tst.	9¼%
People's Tst. & Sv. Ltd.	9¼%
R. Raphael & Sons	9 %
P. S. Refson & Co.	9¼%
Roxburghe Guarantee	9¼%
Royal Trust Co. Canada	9¼%
■ J Henry Schroder Wagg	9¼%
Standard Chartered ‖	9¼%
Trade Dev. Bank	9¼%
TCB	9 %
Trustee Savings Bank	9 %
United Bank of Kuwait	9 %
United Mizrahi Bank	9 %
Volkskas Limited	9¼%
Westpac Banking Corp	9 %
Whiteaway Laidlaw	9¼%
Williams & Glyn's	9¼%
Wintrust Secs. Ltd.	9¼%
Yorkshire Bank	9 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.75%, 1-month 6.50%. Fixed rate 12 months £2,500 8%. £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 6¾%, £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¾%.
‖ 21-day deposits over £1,000 7%.
§ Demand deposits 5¾%.
¶ Mortgage base rate.

FINANCIAL TIMES SURVEY

Tuesday May 15 1984

Mobile Communications

The potential is there for a powerful expansion in more flexible and convenient systems, offering opportunities to many more users. This will create new urban networks and improvements in communications in remote regions.

Big advantages for business users

By GUY DE JONQUIERES

MOBILE COMMUNICATIONS, hitherto the mainstream telecommunications industry's poor relation, appears set to come into its own during the 1980s. It is poised on the threshhold of a powerful expansion which promises to open up a new world of convenience and flexibility for a vastly-increased number of users and to stimulate demand for a range of innovative equipment and services.

There is now a real probability that within the next few years the in-car telephone will cease to be just a rich man's toy and become a widely-available working tool. Beyond that lies the prospect of truly portable telephones, small enough to fit in a pocket, which can be used almost anywhere.

For users in the world's major business centres, such developments will offer major advantages. They are likely to be particularly attractive to anyone whose work involves a high degree of mobility and whose costs are closely-related to time—among others, fleet operators, sales representatives, plumbers and professionals such as lawyers, architects and surveyors.

The potential for the new generation of mobile communications systems goes further than just urban areas, however. The systems may soon, for instance, offer an economic alternative to land-based networks in remote regions such as Canada's frozen north and developing countries with populations thinly-spread over large land-masses.

The reach of radio transmission, traditionally the principal medium for mobile communications, is being extended by the use of modern satellites. An international satellite network, providing sophisticated voice and data links between ships and their shore bases, is already being operated by Inmarsat. Experiments which will use satellites to provide communications with vehicles on land are also planned in North America.

Command

Nor are the growing benefits limited just to civilian and commercial applications. The new systems are playing an increasingly important role in the defence field, to provide battlefield communications and command and control systems.

The key to many of these advances lies in the spread of cellular mobile radio systems. Cellular systems, which rely heavily on the application of computer technology, promise to overcome many of the restraints on channel capacity which have restricted the availability of conventional radio-telephone services and kept charges high.

Public cellular services are already operating in several U.S. cities, in parts of Japan and in the Nordic countries. The enthusiasm of customers appears to have amply justified in practice the expectations generated by their theoretical and technical advantages.

A stampede for licences to operate cellular systems has developed in the U.S. since the Federal Communications Commission authorised the start of commercial services two years ago. By the end of this year, they are expected to be available in about two dozen American cities. National services are due to be operating in Britain and many other European countries by next year.

Unlike conventional radio-telephones, cellular systems are designed to enable a large number of different mobile radio users in the same city to use the same frequencies simultaneously without interfering with each others' communications.

They do this by splitting a city into a number of separate "cells," each served by its own transmitter/receiver or base-station. Because the base stations operate only at low power levels, the same frequencies can be re-used only a few cells apart. As a user moves from one cell to another, the system automatically switches his call to the new frequency.

Because they are controlled by modern electronic exchanges, cellular systems can offer a number of novel features such as call-barring, automatic call transfers and conference calls between several individuals. They are also expected in future to carry "value-added" services such as automatic telephone answering and electronic mail-box facilities.

Some experts believe that cellular systems may eventually fill much of the demand met by paging services and by telephone answering devices. Though they will probably be used predominantly for voice telephony, they also lend themselves to the transmission of information in the form of data, facsimile and telex messages.

The number of cellular mobile units in use by the end of this year is estimated by American market research firm Frost and Sullivan at about 120,000 in the U.S. and about 70,000 in Western Europe. But by 1989, the numbers are expected to have soared to about 1.6m in the U.S. and almost 1.1m in Europe.

Management consultants Arthur D. Little are even more bullish. They tentatively project between 1.7m and 2.5m potential subscribers and $3bn to $4.5bn potential revenues in the U.S. by 1987. In Europe, they believe that the number of subscribers could be between 2.2m and 4.4m by 1997.

Moreover, Arthur D. Little's calculations suggest that as volume production increases, the price of mobile units in the U.S. may drop from about $1,000 each today to less than $250 in 1990, by which time they would be well below the fixed cost per subscriber of local telephone networks.

As the forecasters themselves admit, however, firm evidence on which to base predictions is still fragmentary. Much will depend on the pricing levels set for cellular mobile services, manufacturers' commitment to the production of mobile units, technical developments and — especially in Europe—political factors.

For a Europe increasingly worried by its ability to compete with the U.S. and Japan in high-technology markets, the advent of cellular radio could have presented an ideal opportunity to close ranks around a common system extending from the Iberian peninsula to Scandinavia.

An agreement along these lines would have been greatly to the advantage of users. It could also have formed the basis for a unified market large enough to offer European equipment manufacturers the economies of scale available to their American competitors on their home market.

That could have offered a major platform for European manufacturers to capture a bigger share of the world mobile communications market. At present, the market is dominated by Motorola, GE-Storno and E. F. Johnson, all of the U.S., while competition from Japanese companies including NEC, Oki and Matsushita is growing strongly. Among European companies, only Sweden's L. M. Ericsson and Philips of the Netherlands have a broad international base.

Patchwork

However, Europe has ended up opting for a patchwork of different, and probably incompatible systems. France and Germany have agreed in principle on a common standard, which seems likely to be based on a design developed by Siemens in co-operation with the West German Post Office.

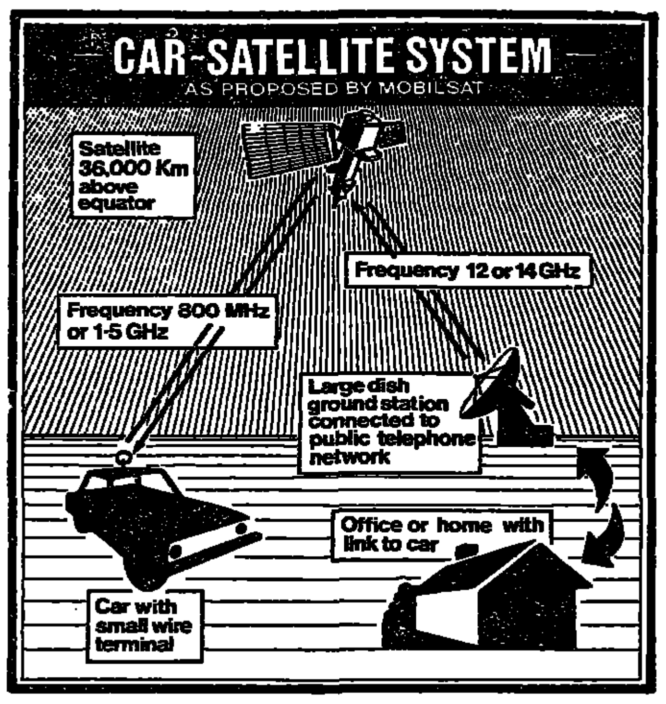
Scandinavia, Spain, Austria and the Benelux countries have committed themselves to the Nordic Mobile Telephone System. Britain has chosen a standard based on the Advanced Mobile Phone System in use in the U.S. And Philips and France's CIT Alcatel are seeking customers for still another type of system, MATS-E, which they have developed jointly.

Many industry experts believe that this fragmentation will lead to unnecessary technical complications—for example in the design of facilities to allow users to "roam" across frontiers. The prices of mobile units may also be higher than they need be, because manufacturers' costs will have to be recouped over shorter production runs.

Beyond these structural problems in Europe, some more general uncertainties remain. Experts differ over whether it will be technically possible to expand the capacity of cellular systems to the point where they could offer a universal alternative to conventional fixed telephone links. And if it were possible, what would be the economic consequences for telephone carriers?

Another imponderable is the speed at which compact hand-held mobile units will become commercially available on a wide scale. Though some are starting to appear on the market, they are relatively expensive and there is scope for considerable further development, both in terms of component miniaturisation and of battery power.

Nonetheless, many experts are confident that the challenge will be met. Perhaps, before the end of this century, the two-way wristwatch radio may move out of the realm of science fiction and become a reality.



How a satellite system works. By connecting the public telephone network to a ground station, people can communicate voice or data messages via satellite in rural areas which terrestrial networks are unlikely to cover

CONTENTS

Engineering breakthrough cuts airwave congestion

Cellular networks

GEOFF CHARLISH

CELLULAR RADIO is being implemented because conventional systems cannot accommodate the large number of would-be subscribers.

Only a few months ago British Telecom increased the annual rental for its System 4 automatic dialled system to £800 a year—twice what it was a year or two ago—in an attempt to stem the demand.

Operating authorities and companies the world over have had similar problems, but the fact is that there are simply no more channels in those segments of the radio frequency spectrum that have been allocated to mobile radio. The effect is similar to the crowding on the medium waveband of a domestic radio — no more stations can be crammed in and *many already interfere with* each other.

Ways have been devised by engineers to compress each channel into a smaller spectrum space. The figure is now 12.5Khz—in the 1970s it was 25kHz and at one time it was 50kHz.

The use of higher frequencies (in the UHF band) also helps, since this automatically gives more channels.

Another worthwhile concept is "trunking." In any area, instead of a number of private user groups each having a fixed channel frequency, a number of channels are allocated to the area as a whole and each group is allocated one of them by computer when, and only when, the need arises. Each of the available channels is used more fully and service improves. Privacy is not affected.

But in the public domain, the objective of cellular radio is fully to extend the wired telephone network both to vehicles and to hand-held units that can easily be carried about in brief-case or coat pocket.

A conventional mobile radio-telephone system for a town often uses a single high-power radio transmitter near to the centre of the service area. The radius of coverage might be 15 to 20 miles. The situation is similar to city television coverage and the aerials are usually on a hill top to extend the range.

Such a system might be allocated, say, 50 channels. But the high-power transmitter prevents them being used again within perhaps 100 miles or more, for fear of mutual interference—a particular problem under certain anticyclonic weather conditions.

Cellular radio allows those channels to be used over and over again. A city area is divided into a number of "cells" (often depicted as hexagons on paper because they fit together without gaps). Each cell might be only a mile or two across and at its centre is placed a low-power transmitter just able to cover the small area properly, and a base station receiver.

Channels

Then the set of channels used on, say, the south-west side of the city can be used again in the north-east. There is no risk of interference because the two cell transmitters are low power.

All the cells are connected by leased telephone line (or possibly a microwave link) to a controlling computer which acts as a special kind of telephone exchange. This, in turn, is *linked to the national* wired telephone network.

To make a call, the mobile user keys in the number he wants and his equipment sends it to the cell base over a special control channel which all the mobiles can permantly use. The cell base station relays the number to the computerised exchange, which then does two things.

First, it allocates a free radio speech channel and tells the mobile (over the control channel) to tune to it. Secondly, it dials out the number the *mobile wants into the public* telephone network. The whole process takes only a few seconds.

Someone in the fixed public network wanting to call a mobile dials a prefix code (to get into the cellular system) and the mobile's number. The cell comes into the cellular system's computer-exchange, which then pages all the mobiles over the control channel frequency. They all receive the data and immediately compare the number with their own—but only the matching one responds and is allocated a speech channel.

When a vehicle moves from one cell to another, the system knows because the base station receiver in the new cell starts to get a stronger signal than the one on the old cell. Then, *if a call is in progress, the* vehicle is allocated a new frequency from the new cell's set of channels. The process is so rapid that subscribers cannot usually detect it—less than 0.5 second is typical.

Starting with London, from 1985 Britain will have cellular services offered by two competing consortia—Telecom Securicor Radio (TSCR) formed by British Telecom and Securicor, and Racal-Millicom, whose service is to be known as Racal Vodaphone.

Neither company is revealing *much about cost to the user at* the moment, for obvious reasons. But market researchers Frost and Sullivan have estimated that, at start-up, with say, 10,000 subscribers, the total annual cost for a user (with the purchased equipment cost amortised and 200 minutes of used air time a month) might be about £1,700, which is a little less than present conventional automatic systems. At 100,000 subscribers however, the figure drops to £960.

Extended

In most European cities, service will start with up to six cells near the centre and then be extended. When demand becomes big enough, an important advantage of cellular radio —cell splitting—will be brought *into play. The resulting larger* number of smaller, lower power cells will allow even greater re-use of frequencies, improving channel availability and reducing congestion.

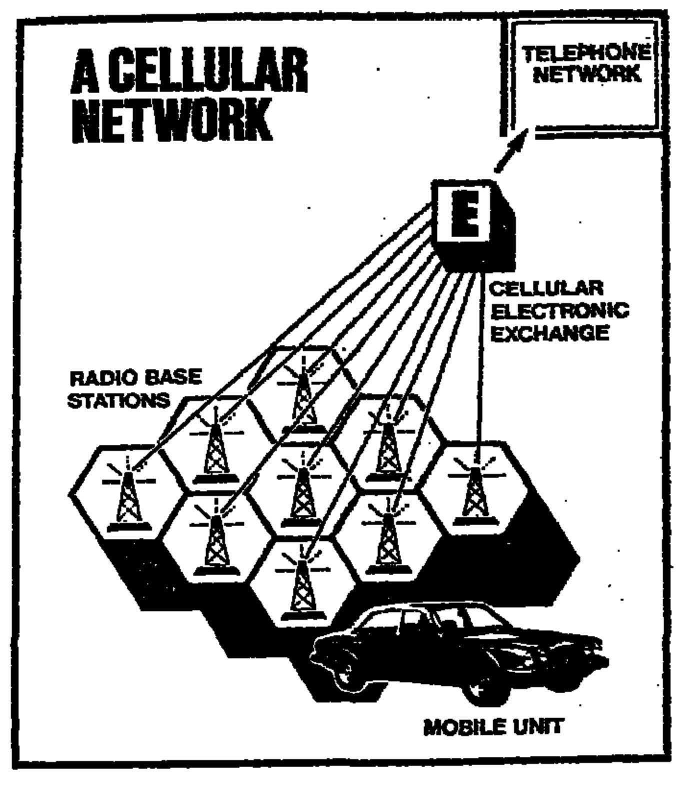
Mobile telephones will be easy to use while the vehicle is in motion; for example, hand-sets will not have to be taken off hook in order to "dial" on the keypay. Otherwise, they will be used just like an ordinary telephone.

Later, data terminals will appear. For example, in the U.S., a new hand portable unit *is known to be under develop*ment in a joint Motorola-IBM project.

For data transmission it is possible that "packet radio" techniques will be used. This is similar to line-based packet transmission: the data to be sent is divided up into "packets" which are sent at various moments when free time arises on the channels. In this way, best use is made of the available channels.

Within one national system, "roaming" from area to area will become possible, so that a London-based vehicle will be useable in, say, Edinburgh. But as things stand, a British mobile will not be useable in other European countries because the systems are technically incompatible.

In the mid-1990s however, it seems likely that a second generation of cellular radio will emerge that is all digital, in the sense of using digital transmission for voice and data alike. Prospects for European standardisation will then arise.



Plans and hardware come under scrutiny

Satellite systems

PETER MARSH

GOVERNMENT officials in the U.S. and Canada are considering a satellite communications system for cars and lorries that could be in operation by the late 1980s. The system would be run jointly by companies from the two countries and connect vehicles with the land-based public telephone network.

The $400m set of hardware, based on two satellites in geostationary orbit 36,000 km above the earth and several hundred ground stations, would serve vehicles in rural areas which terrestrial cellular radio networks are unlikely to cover.

Vehicles would need to be equipped with small aerials which, with their electronics, would cost about $4,000 at the planned start of the service in 1988, falling to $2,000 in the 1990s.

With the equipment, people would communicate voice or data messages with homes or offices via the satellites and ground stations. The latter would be administered by telecommunications companies and would feed into ordinary telephone links.

Telesat, a Toronto company in which the Canadian Government has a 50 per cent stake, would run the Canadian part of the service. The U.S. partner would be one of two companies —Skylink, based in Boulder, Colorado, or Mobilsat of King of Prussia, Pennsylvania.

Plans have come under the scrutiny of the two sets of government offices in the U.S. and Canada. In the former, the Federal Communications Commission should decide next year which of the two U.S. applicants should be allowed to take part in the service.

In Canada, the Department of Communications, which has studied mobile satellite communications since the early 1970s, is due to announce in the autumn whether a formal link with the U.S. is desirable and what part the government should play in the system.

Relay

According to planners, by the early 1990s the satellites could provide communications for about 100,000 cars and lorries in the U.S. and Canada.

Mr Roy Anderson, who worked previously with General Electric and founded Mobilsat with ex-colleague Mr Roy Kiesling two years ago, suggests other uses for the satellite system. He says the hardware could act as relay points in the sky for data sent automatically from sensors on board trucks or railway wagons.

The sensors would produce information about the contents of these vehicles—for example, the temperature of frozen food. By tuning into signals from the satellite, haulage companies would keep a constant check on the goods carried by their rail or road fleets.

In another application, about which Mr Anderson has opened discussions with airlines, the system would send signals to transponders fitted to aircraft and pick up messages that these vehicles automatically emit. In this way, the satellite hardware could identify aircraft and help to control air traffic.

The seriousness of the discussions in North America shows how mobile communications involving satellites, which a few years ago would have been dismissed as a Buck Rogers fantasy, are fast becoming a reality.

Thanks to an international organisation called Inmarsat, satellite communications for ships are already commonplace. Set up two years ago and based in London, Inmarsat is owned by about 40 countries and earns $40m a year by channelling voice and data messages between 2,300 ships and their shore bases.

Inmarsat leases transponders on five spacecraft in geostationary orbit. It sells communications services using these satellites to telephone organisations around the world (of which British Telecom is one) which, in turn, collect fees from ships that make telephone calls or send data.

Inmarsat could well turn out to be extremely profitable—its annual turnover is growing at 20-30 per cent a year. The organisation expects *demand* for its services to increase at a rate such that up to nine new "second generation" satellites, costing up to $500m, will be needed from 1988 onwards. Next year, Inmarsat will award a contract to build the spacecraft to one of two international consortia, either Hughes/British Aerospace or Ford/Marconi/Aerospatiale.

Mr Olof Lundberg, Inmarsat's director general, expects that by 1995 some 85 per cent of the world's 25,000 or so big ships (those above 1,600 tonnes) will communicate with the shore by Inmarsat satellites. Ships of this tonnage are generally equipped with some kind of electrical signalling apparatus, normally high-frequency radio.

Another market for Inmarsat is vessels below 1,600 tonnes such as pleasure or fishing boats; about 15 per cent of Inmarsat's current customers fall into this category. Mr Lundberg says that, by 2,000, he hopes that some 20,000 such vessels will tune into his organisation's satellites.

Two factors chiefly determine whether possible customers, whether they are car drivers or ship owners, will buy communications using satellites: the fees charged for using the service; and the cost of the transmitting/receiving hardware they require.

Fees

The British Telecom charge for using Inmarsat's satellites is £3.50 a minute for telephone traffic or £1.75 a minutes for telex. The North American organisations that plan satellite communications services for road vehicles, by contrast, have to lower their charges considerably to make them comparable to those envisaged for cellular radio. Typically, these organisations are talking about fees of a few tens of cents a minute.

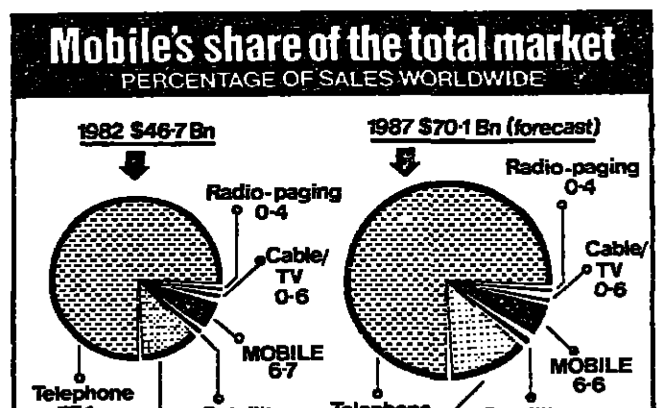
The cost of the receiving/transmitting equipment on the customer's vehicle is directly proportional both to its size and technological performance. The antennas on ships that use the Inmarsat system are similar to the "dish" aerials associated with point-to-point satellite links. The ship antennas are smaller versions of the land equipment. They cost about $25,000 and measure about a metre in diameter. The hardware has to be steerable so that it points always in the direction of the satellite in its geostationery orbit high above the equator.

With road vehicles, the requirement is different. Cars and lorries clearly are not big enough to carry with them "dish" antennas even of modest dimensions. And to build into the hardware mechanisms to steer the antennas would not be practicable. This level of complexity would also put up the cost to a figure out of the price range of lorry or car owners.

The organisations tackling the problem in North America have proposed fairly cheap and unsophisticated radio aerials for the vehicles. These would be little more than pieces of wire and could be easily mounted on top of the cars or lorries. They would be "low gain" aerials—they amplify received signals by perhaps only a factor of two compared with factors of at least 10 with "high gain" equipment.

As a trade-off, the power emitted by the satellite must be quite high. In practice, this means a satellite radiating a total power of several kilowatts. Further, the satellite system would accommodate only a small number of voice or data channels. These would total a few thousand (or even a few hundred) as opposed to the tens of thousands of channels that today's point-to-point communications satellites can handle simultaneously.

A strategy based on low-gain aerials would provide a service in which the speech quality in telephone messages would be fairly low. But customers probably would be prepared to put up with this, just as they do not seem to mind generally low-quality reception on conventional mobile radio links.



Radio helps the handicapped

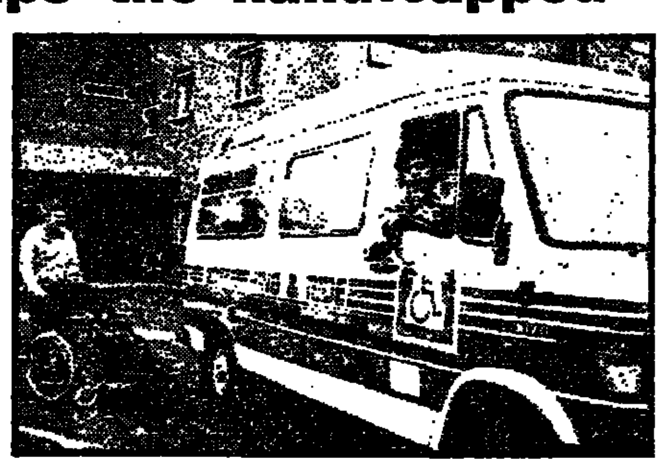
SKI-ING HAS become an increasingly popular sport over the last decade. But blind skiers until now have had to rely on shouted instructions from sighted companions to help them steer a path down the slope past fallen novices and other obstacles. Now these can be avoided through the use of radio transmitters.

Pye Telecommunications has donated several Pocketfones for experiments with mobile communications for this purpose. Mr Eddie Johnson, athletics co-ordinator for the blind in Northern Ireland, who is behind the project, originally put the idea to American skiers while on a Churchill Fellowship.

The system brings a number *of advantages, not least that it* makes sure that the instructions do reach the skier. On a crowded slope it is difficult for turning signals to be heard however loud they are shouted.

The Pocketfone is adapted with an earphone system called an acoustic tube which was developed by the Quest Youth Workshop in Belfast. It can also be used by blind runners on the athletics track where it does away with the need for the athlete to be tied by string to a coach's wrist.

When Operation Raleigh, the round-the-world expedition aimed at young adventurers, sets sail from Britain in November it will have several mobile radios in its equipment. These are to be used by land explorers *and will help in scientific, con*servation and community projects.



Wheelchair passenger for Birmingham's experimental "Ring and Ride" bus service for the disabled, which uses two-way radio to pick up other passengers en route

Operation Raleigh is a four-year project within which are 40 different expeditions. About 4,000 young people from all over the world aged between 17 and 24 will take part.

Taxis have been traditional users of mobile radios and in Sweden a central computerised booking system has been introduced for Stockholm taxi drivers. Stockholm's inhabitants on the way home from a party, for example, generally call a taxi, since drink and drive laws are much stricter than in the UK.

A single telephone number covers all the city's taxis. Telephones are placed at taxi stands to link passengers to the central booking office.

The taxi driver can tell the system that he will soon be free to take the next customer and the computer then hunts round for a customer waiting in his area. If a driver is in a zone where several other cars are already free, the computer directs him to the nearest free zone via the shortest route.

Elaine Williams

Military prepares for information battle

Armed forces

PETER MARSH

THE WORLD'S superpowers are spending billions of dollars to create communications networks that link up every artefact of their armed forces, from the humble soldier on the battlefield to the people in control of missiles and anti-satellite weapons.

According to military strategists, much will depend in any future large-scale war on the ability of the adversaries to keep their communications systems intact and to stop foes "tapping" the networks to find out what they are doing.

A similar philosophy applies in the myriad of lesser confron*tations that are being fought* on the planet at any time. Military chiefs in Britain, for example, are still digesting the lessons in communications strategies from the Falklands War of two years ago.

Also crucial in the major battles of the future will be the capability of armies simply not to be overwhelmed by the quantities of information that will come their way via electronic networks.

As a result of this, telecommunications and electronics companies are attempting to apply to the battlefield some of the techniques incorporated in office-automation systems that aim to help the hard-pressed business executive.

Advantage

The emphasis on communications has led to a spiralling pattern of research as countries bid to out-do any possible enemies in their ability both to send messages and to gain an advantage through eavesdropping.

Military scientists are pressed, first, to work on techniques of electronic warfare to counter opponents' capabilities in information gathering.

The techniques, for example, aim to intercept messages to find out useful information, perhaps about troop movements; to jam the other side's radio to stop any messages getting through; or to use *direction-finding techniques to* locate the position of radio operators and take suitable action.

The next stage in the hierachy of research is to discover ways of combatting these intelligence techniques. Thus was born a battery of methods known in the jargon of military specialists as electronic-counter - counter - measures (ECCM).

One obvious ECCM technique is automatic encryption. A micro-electronic device in an individual radio "scrambles" in a set way waveforms arising either from a voice message or a segment of data.

Encryption would certainly apply to vitally important messages sent, for example, *over long-distance satellite links* between governments or from heads of armed forces to commanders in battlefields.

But probably only about 90 per cent of the radios in use by combat soldiers include encryption devices. An ECCM technique growing in popularity among the technologically aware armies of the Western world and the Middle East is frequency hopping.

Soldiers conventionally transmit on just one frequency. They can operate various time-honoured measures to reduce opportunities for listening in or jamming. For instance, they can use the radio only sparingly or keep the power of transmissions low to stop the message carrying to within enemy lines.

Operating field equipment. Radio counter-measures are a continuing research priority

A more sophisticated method is to build into the radio set a system that automatically changes the frequency of the message in a random fashion and at a rate of anything up to thousands of times a second.

"Friendly" radios have similar devices that unscramble the frequency hops. Anyone listening in who does not know the pattern of the jumps would be unable to detect what is in the messages.

Neither would an enemy be able to jam effectively. To do this, a counter-measures officer needs to know the frequency on which a radio is receiving signals. He then directs "noisy" radiation at or around this figure to obliterate the traffic.

But if he can never be sure at what frequency the messages are being sent there is little he can do.

The U.S. Army, with a project called SINCGARS, is to spend $4bn until the early 1990s on 250,000 frequency-hopping radios to be divided among its 780,000 soldiers. The Army has asked ITT to make the first batch of 28,000.

Many of the radios will be spares. The Army plans to give a radio to on average one soldier in every 12.

Members of the British Army are more fortunate in quantitative terms. Some 30,000 radios are divided among a combat force of 150,000. But the standard radio is nothing like as advanced as the SINCARS type. This is the Clansman, which the Ministry of Defence has issued since 1975. The MoD will continue buying Clansman until 1995. Only after this will the Ministry issue more modern frequency-hopping radios in large numbers.

Clansman is made by several companies, including Racal, Marconi and MEL. The radio costs between £5,000 and £10,000 depending on the company supplying the hardware; whether it works in the high-frequency (2-30 MHz) or very high-frequency (30-80 MHz) bands.

Typical

Clansman is typical of the radios for combat forces of which, according to industry estimates, the world's armies (not including China and the Soviet bloc) buy some 200,000 worth £650m each year.

Two British companies, Racal and Marconi, make the more advanced frequency-hopping radios. Racal has sold several thousand of its Jaguar frequency-hopping sets worth £35m, mainly overseas. The company has also sold 120,000 Clansman units, also mainly exports.

Other companies with similar frequency-hopping radios include Harris of the U.S. and Tadiran of Israel.

In a battle, such "combat-net" radios would be handled mainly by squadrons of soldiers operating from a brigade headquarters, which is at least partly mobile. Typically, a brigade contains about 2,500 people.

But communications links between brigades — or further up the chain of command to divisional level and ultimately to the head of the armed forces —would be accounted for not solely by radio but by a mixture of microwave, cable and satellite links.

The British Army has chosen for its system to link brigades and higher levels of command Ptarmigan telecommunications equipment made by Plessey. The Ministry of Defence has ordered Ptarmigan hardware worth some £400m. The equipment is based on switching equipment developed for Britain's System X civilian telecommunications programme.

Partner

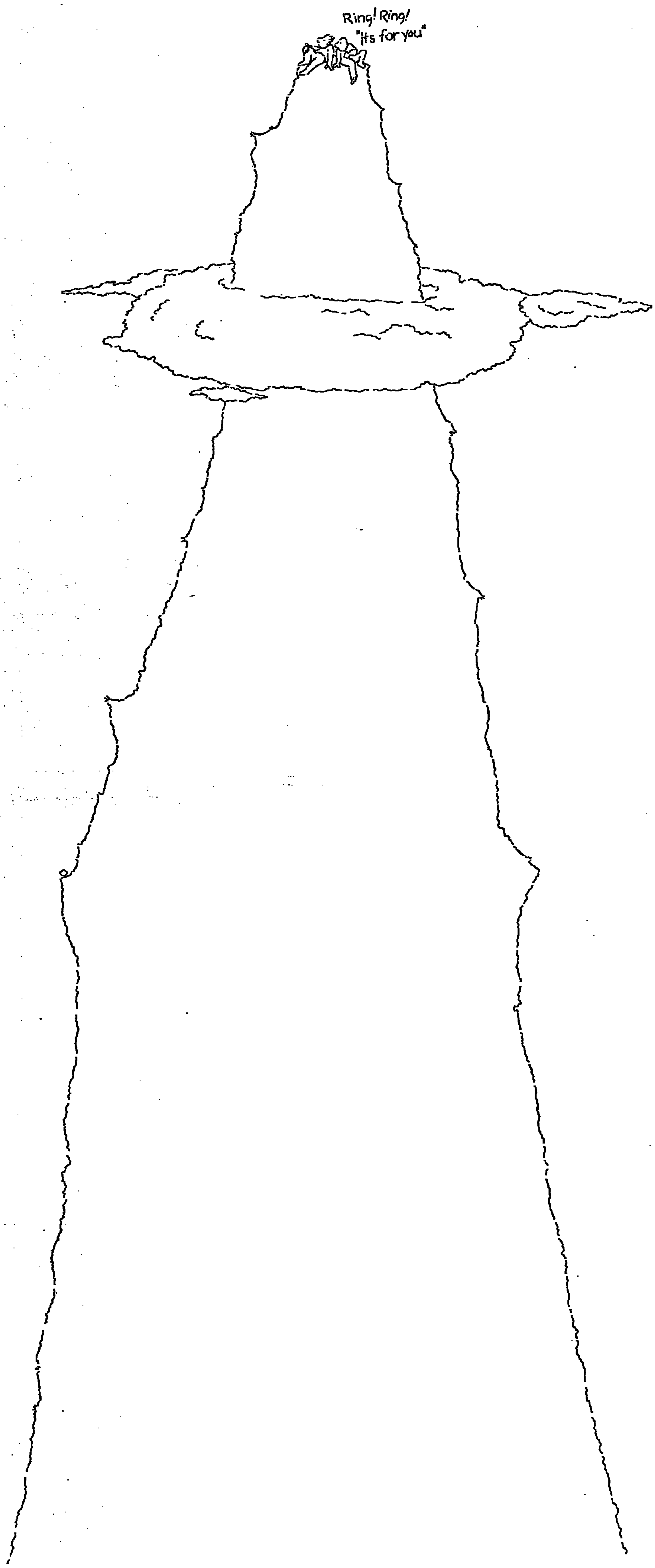
In another application to military work of civilian hardware, Racal says it may base military communications systems on the cellular radio equipment which it is to introduce to the UK next year. Racal (partnered with Millicom of the U.S.) is one of two companies the British Government has licensed to operate cellular radio for cars and lorries.

Satellites are crucial to the chains of command in the higher levels of the world's military hierachies. The U.S. relies largely on its Defence Satellite Communications System (DSCS) vehicles, of which eight are in operation at any time. The craft sit in four reserved positions in geostationary orbit 36,000 km above the earth—two over the Pacific and one each above the Atlantic and Indian oceans.

The vehicles relay communications between ships, army and air force command posts and government buildings. They use the 7-8 GHz frequency band reserved by international convention for military use.

The DSCS-II satellites, of which the U.S. has launched 15, are being replaced by a series of more modern DSCS-III vehicles, of which just one is so far in orbit. These craft contain frequency-hopping hardware to make them resistant to jamming. They are also "hardened" against the radiation given off by nuclear explosions—the so-called electromagnetic pulse—that in a nuclear conflict would threaten to destroy most forms of electronics communication.

The U.S. has a further battery of satellites due to be launched later in the 1980s that will supplement the DSCS-III craft. This is the $1bn Milstar system, to be built by Lockheed, that will use extremely high frequencies above 40 GHz and involve communications links not only from the space vehicles to earth but between individual satellites.



Real technological revolutions, the kind that change people's lives, are few and far between in an age of hype.

The motor car changed the way we travel; the wireless changed the way we entertain ourselves; and the first truly portable telephone will just as profoundly change the way we communicate over distances.

Far more than just a Utopian dream, such a telephone system is only a matter of months away.

It even has a name: Vodafone.

You may not want to call New York from the top of Snowdon (although if you do there'll be no problem).

The point is, Vodafone will free people from something that's been tying them down ever since it was invented over 100 years ago: the telephone. Isn't life strange?

RACAL-VODAFONE LIMITED
THE COURTYARD, LONDON ROAD, NEWBURY, BERKSHIRE RG13 1JL, ENGLAND.
TELEPHONE: NEWBURY (0635) 30790 TELEX: 847036.

RACAL

Mobile Communications 4

Most of the population will have access to cellular services in five years

Market set for wide expansion...

The UK

GUY DE JONQUIERES

BY THIS TIME next year, if all goes according to plan, a select band of subscribers in Britain should be experiencing the advantages of mobile communications by means of cellular radio. And system operators should be getting the first inkling of whether cellular is likely to be the commercial bonanza which some enthusiasts have forecast.

Cellular services are due to start by the end of March, initially in London and the South East. By the end of the first year, they should cover all major cities and the trunk roads connecting them. By late 1989, cellular services should be available to more than 90 per cent of the population and over more than two thirds of the UK land area.

The advent of cellular systems promises to ease the severe capacity constraints which have limited the number of subscribers to existing UK mobile telephone services to about 20,000. Only 3,000-4,000 of these enjoy full automatic dialled service, and in the London area the waiting list is almost as long as the roster of users.

At present, capacity restrictions and high charges mean that car telephones are something of a rich man's toy. Cellular technology promises to bring them within reach of a far wider market and to allow mobile data as well as voice communications. Moreover, several manufacturers are developing compact hand-held units, which could make the truly portable briefcase or pocket telephone a reality within a few years.

How large the cellular market will turn out to be is still far from certain, however, and estimates differ between the two consortia which have been licensed to offer competing national services in the UK.

One group, Telecom Securicor Cellular Radio (TSCR), is a 50-50 joint venture between British Telecom and Securicor. The other, Racal-Vodafone, is owned 80 per cent by Racal Electronics, 15 per cent by Millicom of the U.S. and 5 per cent by Hambros Technology Trust.

When the Racal group was bidding for its licence in late 1982, it told the government that it expected 500,000 cellular subscribers in Britain by 1990. Many industry experts believe that to be an optimistic figure, and it is not known whether Racal-Vodafone is still sticking to it: the consortium is keeping details of its service confidential ahead of an announcement planned for today.

TSCR is taking a more conservative, though confident, line. Mr Derek Wordley, its marketing director, forecasts that it will have 12,000-15,000 subscribers in the first year of operation which, he believes, will be more than half of the total. Beyond that, he says, it is hard to make any valid forecasts, though the total potential UK market could be as many as 800,000 mobile users by 1995.

The future of the cellular market will depend on a number of elements, several of which have yet to be firmly settled. The level of pricing, it is widely agreed, will be a key factor and will obviously be determined to a large extent by costs, over which the system operators will have only a degree of control.

One important issue still to be resolved is the charges which the consortia will have to pay to BT or Mercury for the use of fixed landlines to connect their systems. TSCR estimates, however, that landline charges could account for about half the cost of operating its system in peak hours.

Though neither consortium has yet published tariffs, TSCR would like to be able to charge about 25p per minute, compared with the 32p rate charged by the existing automatic radiophone service. On top of this, there will be a standing charge. That has still to be fixed, but the present minimum charge for BTs London automatic radiophone service is £800 a year.

Equally important will be the price of the mobile units themselves. It is hoped that higher production volumes will enable prices to be reduced well below the £2,345 charged for a standard automatic radiophone unit today.

Expensive

Some industry estimates suggest that in-car cellular units will initially cost about £1,500 and that the price may fall quite quickly to £1,000 or less. But hand-held units are likely to be considerably more expensive: Motorola, which recently launched a compact unit in the U.S., is selling it for $4,000.

Another uncertainty is the availability of extra radio frequencies as the services develop. The Government has allocated 300 channels to each of the UK consortia. Some industry experts believe that this could be exhausted fairly quickly in London, and the Government may be urged to release another 400 channels currently set aside for cross-frontier mobile services in Europe.

A further 1,000 channels will become available after 405-line television broadcasts are phased out next year. But there could be technical problems because French television stations are continuing their 405-line services, and these could interfere with cellular communications in southern Britain, where the extra capacity would be most needed.

Much may also depend on the effectiveness with which cellular radio services are marketed. The most obvious immediate market is among particular senior executives of large companies. TSCR believes that cellular usage can be extended steadily down into middle management and beyond to include sales representatives, service engineers and other staff.

But Mr Wardley of TSCR believes that the large company market will be only the tip of the iceberg. In the longer term he expects the biggest growth to come from small companies and professionals such as architects, surveyors and engineers whose jobs require them to be frequently on the move. "It has been suggested to us that our natural market is among users of telephone answering machines," he says.

However, the two consortia have chosen different marketing methods. Racal-Vodafone plans to sell its service and the mobile units through a separate subsidiary. TSCR on the other hand, will not sell directly to agents, retailers and distributors. It will also sub-contract responsibility for billing service users.

Relative strengths of major mobile communications manufactures

	NMT	U.S.	Japan	Export	Europe	West Germany
Motorola	●	●●●	●	[●●●]	[●●●]	[●●]
GE	●●	●		[●●]	[●●]	[●●]
Philips	●●	[●]		[●●]	[●●●]	[●●]
Ericsson	●●●	●●		●●●	●●	
E. F. Johson		●●●				
ITT				[●]	[●●]	[●●●]
Mobira	●●●			[●●]	[●●]	[●]
NEC	●	[●]	[●]	[●]	[●]	[●]
Oki		●●●	●●●			
Siemens	●●	[●]				[●]

●●● Strong in cellular
●● Moderate presence in cellular
● In cellular market
[ ] Non-cellular
Source: Arthur D. Little

...with strong government backing

BRITAIN'S Department of Trade and Industry has enthusiastically backed the development of cellular radio from the start. The Department believes that the planned systems will not only offer a more efficient method of communication to large sections of the business community but will also provide a boost to Britain's electronics industry.

Ministers have made it clear that they expect the growth of cellular radio to lead to substantial investments; to add to Britain's resources in electronic technology; to provide an important new market for UK equipment manufacturers; to open up export opportunities; and to create large numbers of new jobs.

Mr John Butcher, junior Industry Minister, told the House of Commons in late 1982 that 10,000 new jobs could be created as a result of the decision to license two competing consortia to operate national cellular radio services from early 1985.

His forecast was based partly on estimates by the Racal consortia. Its buoyant views about the prospects for cellular — conveyed to the Government in a presentation master-minded by the advertising agency Saatchi and Saatchi — were one of the reasons why it was chosen over four other bidders to operate a national service in competition with British Telecom and Securicor.

Racal has also promised the Government that a high proportion of the network equipment and mobile units needed will be made in the UK. The company, unlike TSCR, plans to manufacture itself, through a separate subsidiary.

Racal told the Government that by the end of last year UK employment in manufacturing equipment just for its system would be 1,000, rising to 2,000 by 1989. By the latter date, according to Racal, the total UK labour force involved in cellular manufacturing could be as high as 6,000.

Racal also forecast that by 1989 it would make a total investment of £200m in cellular radio, which it expects to grow into one of its biggest businesses during the next decade. So far, Racal-Vodafone and TSCR are estimated to have committed capital investments of about £40m.

Initially, however, much of the equipment needed to build their networks is being imported, because no UK manufacturer is yet making the products required. The Racal consortium has signed a contract for exchanges and base stations with Thorn-Ericsson, which is jointly owned by Thorn EMI and Sweden's L. M. Ericsson.

Agreements

The consortium is also buying several thousand mobile units from Matsushita of Japan and Mobira of Finland. TSCR has ordered £20m equipment from Motorola of Finland. TSCR has ordered £20m of equipment from Motorola of the U.S.

However, Racal has sought agreements which will give it the right to transfer technology from abroad and make equipment under licence in the UK. Motorola is spending £10m to expand its mobile radio production in Basingstoke, Hants, and Storno, a subsidiary of General Electric of the U.S., is also considering investment in manufacturing in Britain.

Though investment in network infrastructure obviously accounts for most of the initial spending related to cellular radio, in the longer term an increasingly important proportion of the total is likely to be represented by purchases of in-car and hend-held mobile units.

This is a market in which Japanese electronics manufacturers, with their talents for high-volume, low-cost manufacturing, are likely to provide stiff competition. Government hopes for avoiding a flood of imported mobile units may depend on success in encouraging Japanese manufacturers to invest in Britain, as they have already done to make televisions and video recorders.

A key element in the preparations for the start of cellular radio services has been the choice of a system standard. Though half-a-dozen different types of system are being promoted by manufacturers, only three were in operation and commercially available when a decision was made last year.

These were the Nordic Mobile Telephone (NMT) system in use in the four Nordic countries; the Advanced Mobile Phone System (AMPS) developed in the U.S., which had been on trial in Chicago and Washington DC since about 1980; and the NTT system developed in Japan.

Compromise

All involved a degree of compromise. NMT was rejected because it was commercially available only in a version operating at a frequency of 450 MHz. This frequency involves some restrictions on capacity and is, in any case, due to be phased out in favour of 900 MHz in a few years' time.

After lengthy discussion, the Government and the two consortia agreed on a UK version of the AMPS system, which could be re-engineered relatively easily to the 900 MHz frequency. The British system is known as the Total Access Communications System (TACS).

This decision caused particular resentment in France, where the authorities had hoped to reach an agreement with the British Government on a common system of European origin. The French have since decided to join forces with West Germany and have agreed on a system for which equipment will be supplied by manufacturers in both countries.

The main disadvantage of TACS is from the standpoint of the potential for exporting cellular radio equipment from the UK. No other country in the world has so far opted for it, though Ireland is considering it. Furthermore, the channel spacing chosen by Britain is narrower than that used on other systems.

The main hope for exports therefore seems to lie in persuading other countries which have not yet committed themselves to any system to choose TACS. In Western Europe, most countries have already settled on a standard, though Greece, Italy and Switzerland have yet to declare their intentions.

Racal also hopes to sell TACS equipment in the Middle East and other parts of the developing world, where it has already successfully carved out markets for its tactical communications products. The company believes that in large Third World countries, cellular radio can provide an inexpensive alternative to telecommunications networks using fixed landlines.

The cost of car radio-phones is expected to fall as production volumes rise and more channels are made available

Tough competition for contracts

Japan

ROY GARNER

THE CONCEPT of cellular radio, which allows for a large number of subscribers communicating within densely developed urban areas, always had an obvious attraction for the Japanese, whose cities are characterised by their sprawling nature and narrow thoroughfares.

It was for this reason that Nippon Telephone and Telegraph Corporation (NTT), when it set up its first radio telephone system in 1979, decided to establish a cellular system as a complete alternative to a network using conventional technology. Thus, although, in the international sense Japan was late in the field in making provision for mobile radio telephones, it has given itself a lead of sorts by establishing the most extensive cellular radio network currently in operation.

This move has allowed Japanese equipment suppliers to gain sufficient expertise in the technologies involved to become tough competitors for equipment contracts now being opened to bidding from overseas.

At present, equipment is supplied to the telecommunications monopoly NTT by two Japanese companies, Matsushita and NEC, and of the five other manufacturers who have been selected by NTT to start supplies "in the very near future," only one company is foreign: Motorola of Chicago.

NTT's mobile phone service started in December 1979, and by March this year had attracted 27,200 subscribers.

Following a public announcement concerning mobile 'phone equipment procurements, in which NTT invited proposals and documentation from interested manufacturers, ten companies including Motorola submitted applications, in October 1981.

In August, 1982, NTT announced that it had selected five manufacturers' equipment, and since that time has been carrying out tests on these prototype units. An announcement is expected very soon giving details of NTT's proposed new purchases.

A senior NTT spokesman confirmed that UK companies are included among the list of foreign companies that have expressed interest in supplying equipment to the Japanese market. He stressed, however, that so far only Motorola has been able to demonstrate equipment with the specifications demanded for the technically sophisticated cellular system being used in Japan.

He added that NTT is still prepared to receive new foreign applications at any time, but doubted that any new companies would be able to catch up with the competition on a cost-effective basis.

The Japanese cellular system operates on the 800 MHz wave band, although a 450 MHz band was employed at the research and development stage. The operating zones cover an area 5 to 10 kilometres wide, much smaller than the 40 kms to 50 kms common in the U.S. and Europe, and use a terminal power of 5 watts and a base station power of 25 watts.

By the end of March 1984, 282 stations had been set up across Japan, serving all of the major cities, and future plans call for all areas to be covered by 1989. The network began in Tokyo, where 70 stations are now used to cover the broad metropolitan area which includes major outer suburbs such as Chiba and Saitama prefectures.

About 8,000 new customers installed the equipment last year and the official forecast sees this number rising to more than 10,000 new subscribers in 1984. Service is on a rental basis only, and all aspects of the operation, management and repair and so on are handled by the Japan Mobile Telephone Service, a private company in which NTT is a major stockholder.

The purchase price of equipment is steadily falling, however, and the complete equipment set, which includes phone, radio receiver and transmitter and antenna, is expected to cost Y300,000 ($1,320) by next year, down from the initial price of Y1m, and a current price of about Y450,000.

Despite the present closed nature of the mobile phone business, manufacturers have high hopes for explosive market growth after the forthcoming privatisation of NTT. It is not yet clear how much competition will be allowed, but there is pressure from many quarters for a comprehensive liberalisation.

Although NEC and Matsushita are the longest-term suppliers to NTT, several other Japanese companies including Fujitsu and Mitsubishi Electric are expected to make a strong showing. Of special interest is Oki Electric, whose subsidiary division, Oki Advanced Communications of Hackensack, NJ, shares supremacy in the U.S. market with Motorola.

The main groups of users of mobile phones in Japan at present are in construction and civil engineering, machinery and electronics, and the finance and insurance fields respectively, although there is also a strong demand from affluent individuals in a variety of sectors.

Future priorities for NTT include a reduction in the rental fees and a wider application of the technology. Many customers are asking for a facsimile and data transmission capability to be added to the radio phone and also, by the end of this year, NTT hopes to start experiments in the use of mobile phones on buses and taxis.

The most coveted aim is the development of an efficient portable unit, and much R and D work is going into this area. The key difficulty lies in the lower power levels associated with battery operation, which would necessitate the use of more of the costly base stations. Japan also has a problem in the shape of its mountainous terrain, and a modified system might be required to cover towns in hilly areas.

Industry analysts predict that once real competition begins in Japan, and prices begin to drop, growth could be biggest in the "status" markets, especially among young people. The car market itself is already nearly saturated and car owners have shown increased willingness to invest in high-tech extras to upgrade their machines.

But for all the promise the mobile phone market shows, everything still hinges upon the continuing political debate over liberalisation of Japan's telecommunication services, the future role of NTT and the encouragement of greater foreign participation in these previously closed markets.

World's fastest-growing system

Scandinavia

DAVID BROWN

"WE REALLY had no idea this system would be so popular," said one Scandinavian PTT official. "We planned for only half as many subscribers."

The 2½-year-old Nordic Mobile Telephone Network has topped the 100,000 subscriber mark and is the largest and fastest-growing cellular system in the world. Expansion plans have been pushed ahead several times, and the list is growing by nearly 500 customers a week.

Mobile telephony in Scandinavia is gradually moving away from being solely an executive perk into a service which is allowing significant increases in working efficiency in a range of occupations.

While surveys show that about 55 per cent of subscribers are still in business and industry, the number of transport factory and private users is growing as well (now 20 and 25 per cent of the total, respectively).

Subscription

In Sweden, terminals (or handsets) are marketed by about 40 private companies at prices ranging between SKr 15,000 and SKr 20,000. The annual PTT subscription cost is SKr 1,600, and call charges vary from SKr 3.45 a minute during the day to SKr 2.30 at night. A secretarial service, which will forward calls, take messages, send telex and telegrams and book hotel accommodation is also available. The average annual mobile user cost comes to between SKr 4,000 and SKr 5,000, officials say.

In the Nordic area, the leading supplier is the LM Ericsson Telecommunications Group, with annual sales of SKr 25bn, which was chosen to build the first NMT central switching office.

Mr Ake Lundqvist, President of Ericsson Radio System said: "The Nordic market was essential for take off." The group now has about 243,000 subscriber lines installed or on order in 13 countries including the UK.

While the Nordic market is estimated to expand by about 20 per cent this year, the group has turned its strategic focus on the American market where it hopes to win a third of the annual $200m private (non-wire line) business this year.

"We are concentrating on selling the infrastructure," says Mr Ake Persson, manager of the ERS Mobile Phone Systems Unit. His group has already won three of the first strategic orders to instal complete cellular systems in Buffalo, Chicago and Detroit.

Other suppliers on the Nordic market include Mobira, the Finnish subsidiary of the Nokia industrial conglomerate with annual sales of FMk 216m, which has provided base station equipment to the PTT in Finland and which market mobile terminals throughout Scandinavia and Europe.

The two major foreign suppliers of base station equipment are Mitsubishi and Magnetics.

The NMT has a technical defect — the 450 MHz system has a limited number of channels. By splitting cells, capacity can be expanded to a practical maximum of about 250,000 subscriber lines by mid-1986.

At that time, the NMT will start up operations with a new 900 MH3 frequency system in conformity with the agreed European standard, doubling the number of cellular switches and adding an additional 940 channels to its capacity.

"We should be able to handle demand until the new system comes into operation," says Mr Bo Magnusson, Chief of the Land Mobile Division of the Televerket, Sweden's PTT. At present, there is no waiting list.

The old 450 MHz system will remain in compatible operation after the changeover, but Televerket will phase out its 11,000 remaining manual mobile subscriptions.

Prices

The only remaining manual system will then be Comvik's the private (and only) competitor to the NMT system which is based in Stockholm and has some 5,000 subscribers.

"Once the 900 MHz market opens up, I think we will start to see a downward pressure on prices," said another PTT official.

The Televerket has other plans for expanding its mobile services. Currently, it operates an advanced nationwide paging system with about 40,000 subscribers. This is the only one of its kind which can transmit the telephone number of a person wishing to contact the owner on to a digital numeric display. Beamed on FM sub carrier channels, the principle has been adopted as a standard by the European Broadcasting Union.

Numeric display pagers are expensive — up to SKr 6,000 per unit. The Televerket now plans to offer a lower-priced "Minicall" service transmitting on the 150 MHz frequency with a beeper capability for the general consumer market. Although simpler, it could cost as little as SKr 400 a unit. Numeric display capability could later be added as the penetration of push-button telephone sets expands, officials say.

The Televerket also has about 150,000 subscribers in closed radio telephone networks —a system which has been in operation since 1945. It is now preparing to introduce a new "mobitex" integrated communications systems as soon as the end of next year.

The new trunking system will offer the mobile consumer "the same facilities that are available in his office," says one official. Mainly for closed systems, it will make it possible to transmit telex, telefax, data, videotext and other information from a single mobile unit, and will also offer access to the public telecom network for voice communications. Televerket expects 40,000-50,000 subscribers within a decade.

Potential applications would allow a salesman, for example, to access the office computer to check inventories en route to a customer, a newsman to receive telex releases, and a visiting doctor to check a patient's medical history.

Several pilot projects are already under way. The Port of Gothenberg is operating a Mobitex traffic control system for its container handling equipment. Already, the system has made a significant contribution to turnaround efficiency, officials say. In the future, lorries approaching the harbour with goods will be able to obtain advanced printed clearances.

The Uppsala postal region is initiating a system which allow mobile units to bring postal services like bill-paying directly to the consumer. While the cellular market is just opening up in many countries, the Nordic area is already moving towards second-generation technology.

For one businessman, this already means "My office can reach me anywhere." Then, he adds wistfully "for better or worse."

Cellular link-up in 20 cities

The U.S.

PAUL TAYLOR

CELLULAR mobile telephone systems are in commercial operation in four major U.S. urban metropolitan areas. So far system "sign-ups" are exceeding even the most optimistic expectations and cellular set sales—even at $2,500 a time—are booming.

The fourth system, offered by GTE, started 10 days ago in Indianapolis.

By the end of this year almost 20 major U.S. cities will be hooked up to cellular telephone systems, producing a real test of a multi-million dollar market which some analysts believe could reach 1.5m subscribers in the 30 largest U.S. cities alone by the end of the decade.

Conservative estimates put the U.S. market for cellular services at about $3bn a year by 1990 in addition to equipment sales which could total another $700m a year by then. Already there are half a dozen companies supplying equipment, including Motorola, Western Electric, GE, Panasonic and Oki.

"I am very positive," says industry expert John Bain of Lehman Brothers, who was one of the first Wall Street analysts to point out the potential for "cellular." "So far the timetable is running ahead of our projections."

What is certain is that the cellular telephone service has finally arrived in the U.S. And as Forbes, the U.S. business magazine, noted in a recent issue: "It is to the conventional mobile phone what satellite is to cable."

In Detroit, Ford has just announced that its top-range cars will come factory-equipped with cellular equipment as an optional extra. In New York, cellular phones are a sales gimmick for Cadillacs, and across the nation equipment manufacturers are taking full-page advertisements to advertise their wares in this rapidly-expanding competitive market.

Differences

The most striking differences between cellular systems and their predecessor, improved mobile telephone service or IMPs, are availability and quality of service. A cellular phone using the latest technology sounds "just like a desk-top office set" and instead of waiting often up to 20 minutes for a line — if you were lucky enough to be allocated a car phone at all — the new systems offer instant high-quality access — but of course at a price.

The Bell system regional telephone holding companies are in the forefront of the "cellular revolution" as it is being called.

In Washington and Chicago, cellular made headway on the market because it was in these two areas that cellular was first tried on a test commercial basis ahead of the Federal Communications Commission (FCC) decision to open up the airwaves to cellular.

In Chicago — the base for one of the trials lasting from 1978 until last year — Ameritech Mobile Communications, a subsidiary of the regional holding company, now offers a system capable of handling 50,000 calls an hour over a 2,500 square mile district.

Ameritech started out with the first commercial cellular service last October with an estimate of 7,000 subscribers within 12 months. The estimate was subsequently raised to 12,000 but with 7,000 subscribers already the company says even the update "now looks conservative."

The company, which also plans to start cellular systems in three more markets, Milwaukee, Detroit and Cincinatti, in the autumn, estimates the average cost of installation at about $2,500. On top of that, the company charges a $50 a month flate rate service charge, and a 40 cents a minute peak rate and 25 cents a minute off-peak rate for calls. The average monthly phone bill, based on 300 minutes of usage, is working out at between $150 and $200.

So far, users have fallen into two main categories. First, the chief executive or president of a small company with perhaps 50 employees, aged 35 to 50 with "above average income"; and second, salesmen who have a need to keep in touch with clients and headquarters almost constantly. Ameritech, which is only now beginning to set up a sales organisation to market the service, says it expects major corporate clients to be eventual big users. "We have already had inquiries but mostly they want to try it out first," Ameritech said.

By 1990, Ameritech expects to have 100,000 customers in the Chicago area alone. That estimate may seem high, but analysts point out that less than 0.1 per cent of cars registered in the U.S. have telephones at present while more than 90 per cent of homes have telephones.

Nevertheless, the Chicago experience could be exceptional. The five-year test generated a lot of advance publicity which probably helped boost initial equipment sales and service sign-ons.

Ameritech, like other "wireline"—or local public telephone company carriers—also faces other competition. The FCC is in the process of authorising one wireline carrier and one independent competitor in each of the major U.S. markets.

So far the FCC has approved 41 wireline operators and another 12 non-wireline licences in the top 90 U.S. markets. Among the major other competitors in the market are companies such as Metromedia, MCI and local entrepreneurial partnerships.

Metromedia has applications in for 53 of the 90 largest markets. Of these Metromedia has an interest in FCC-approved licences in Chicago, Washington, Baltimore and Boston and preliminary FCC decisions in New York, Los Angeles and Philadelphia. MCI has bids in for 51 markets and has already won a number including the lucrative licences for southern California.

In Washington DC and Baltimore — another trial area — Atlantic Bell has just begun operation of a commercial service in competition with a service called Cellular One started last December and whose main participants include Metromedia and Motorola. Already competition, which Atlantic Bell describes as "severe" in the Washington area, has produced lower service rates where the Bell company has been forced to charge a lower initial "establishment charge" and lower monthly fixed rates.

Era of compact models begins

"TAKE AWAY" computer power is about to become a reality. Although "luggable" computers have been around since Osborne Computer introduced its 25 lb "desk to car transportable" in 1981, the era of lightweight, battery-powered computers that can truly be called portable is just about to begin.

The ranks of companies offering these binder-size computers is expanding rapidly. Already Apple Computer, Hewlett-Packard, Epson, Gavilan and Sharp have introduced portables. IBM, Xerox, Kaypro and Grid Systems are also expected to make announcements this year.

The portables are aimed at several groups of potential customers. First buyers are expected to include professionals who have become so attached to their desk-top personal computers that they hate to leave them behind when travelling on business. Then there are the highly mobile workers—salesmen, auditors and journalists for example—who spend more than half of their time away from an office.

Portables are also expected to find their place in the home computer market, where their small size and ease of use will offer advantages over the clumsier units that tend to be put away and forgotten

Technology advances have made the portable computers possible. In portables, the traditional video display unit (or television type display) is replaced by a flat screen made of liquid crystal similar to that used in digital watches. Liquid crystal displays can now be made big enough, and clear enough to make 16-line, 80-column displays and 25-line units are expected to be available before year's end.

CMOS low power (complementary metal oxide semiconductor) chips replace standard MOS (metal oxide semi-conductor) "gas guzzlers" in the new portable computers. And high-density memory chips make it possible to pack a lot of storage capacity into a small space. Micro-electronics has also reduced the size of a modem — the link between a computer and the telephone line —to a single chip.

The new car telephones offer instant access to the telephone network, though at a price

Portable computers

LOUISE KEHOE

Demand for portable computers is expected to soar. Sales will explode from about *5,000 units valued at $18m in* 1983 to more than 100,000 units worth $330m this year, according to Future Computing, a Richardson, Texas market research company.

For many users, the portable computer is in effect a portable data communications terminal. It can be plugged into corporate data bases, access public data bases and serve as an electronic mail or telex terminal.

"How much you get out of a computer is a function of its power but also of how frequently and spontaneously you can use it," suggests Richard Baker, marketing manager of Hewlett-Packard's portable computer division. Hewlett-Packard announced an 8½ lb portable computer earlier this month. The $3,000 Hewlett-Packard 110 features built-in business software and a so-called "solid state disk." Instead of the usual disk drive, the 110 contains non-volatile memory chips that can be used to store data.

Apple Computer, with its new IIC, has brought the advantages of portability to the home computer market. The IIC is, however, equally suited to business users with the addition of a liquid crystal display (due out this October) and a battery pack.

Sharp Electronics began shipping its PC5000 briefcase size computer last December. Priced at $1,995 the 5000 uses bubble memory and software cartridges that snap into the top of the machine.

Grid Systems is another *bubble memory fan.* The company makes what has been called the Rolls-Royce of portable computers the $8,000 grid compass. The compass has an electro-luminescent display that is superior to the LCD used in other portables.

Epson launched its entry into the portable computer field at the recent Hanover Fair. The PX-8 "lap computer" has plug-in software cartridges and an eight-line display. The system is expected to sell for about $1,200.

Despite al the industry excitement about portable computers, however, their success in the marketplace is as yet unproven. Early versions of portable computers have enjoyed only limited success and it remains to be seen whether the portables can compete with established desk-top models among the majority of first-time personal computer buyers.

Negotiations on Franco-German network

France

DAVID MARSH

FRENCH AND West German telecommunications companies are in the throes of negotiations with the Paris and Bonn governments over a unique industrial collaboration deal between the two countries—the setting up of a joint Franco-German radio-telephone network for mobile telecommunications.

The idea of a joint network was conceived last year as part of French-led plans to boost general electronics co-operation in Europe. Under an agreement announced last November with due pomp and ceremony by M Louis Mexandeau, the French Minister for Posts and Telecommunications, companies from the two countries are linking up in a series of unique industrial marriages to reply to out by the French and German joint equipment tenders put administrations earlier this spring.

The plan is to set up initial pilot schemes in the two countries with about 10,000 subscribers each, concentrated in the conurbations around Paris and Lyon in France, Frankfurt and the Ruhr area in Germany. According to estimates from companies and government officials, which may now be looking a little optimistic, the system could be set up as early as 1986 and enlarged to perhaps as many as 100,000 subscribers by the turn of the decade.

The system is based on the 900 MHz cellular radia technology which vastly expands the capacity of mobile telephone networks by allowing frequencies to be used more efficiently.

Cit Alcatel and Thomson, France's two state-owned telecommunications groups, which agreed to merge their telephones interests last September, are certain to play a major part in building up the system, as are Siemens and the German subsidiary of Philips, TDK. These four companies announced last month that they were collaborating to answer the Franco-German tender.

CIT Alcatel agreed with Philips at the end of 1982 joint development of the radio telephone standard called MATS-E, which the two companies hoped would be the basis of a Europe-wide network.

CIT Alcatel, which is part of the nationalised CGE electrical and engineering conglomerate, was particularly irritated when the British government in February last year chose a rival U.S.-based cellular radio system as the basis of the UK's new radiotelephone network scheduled to start next year.

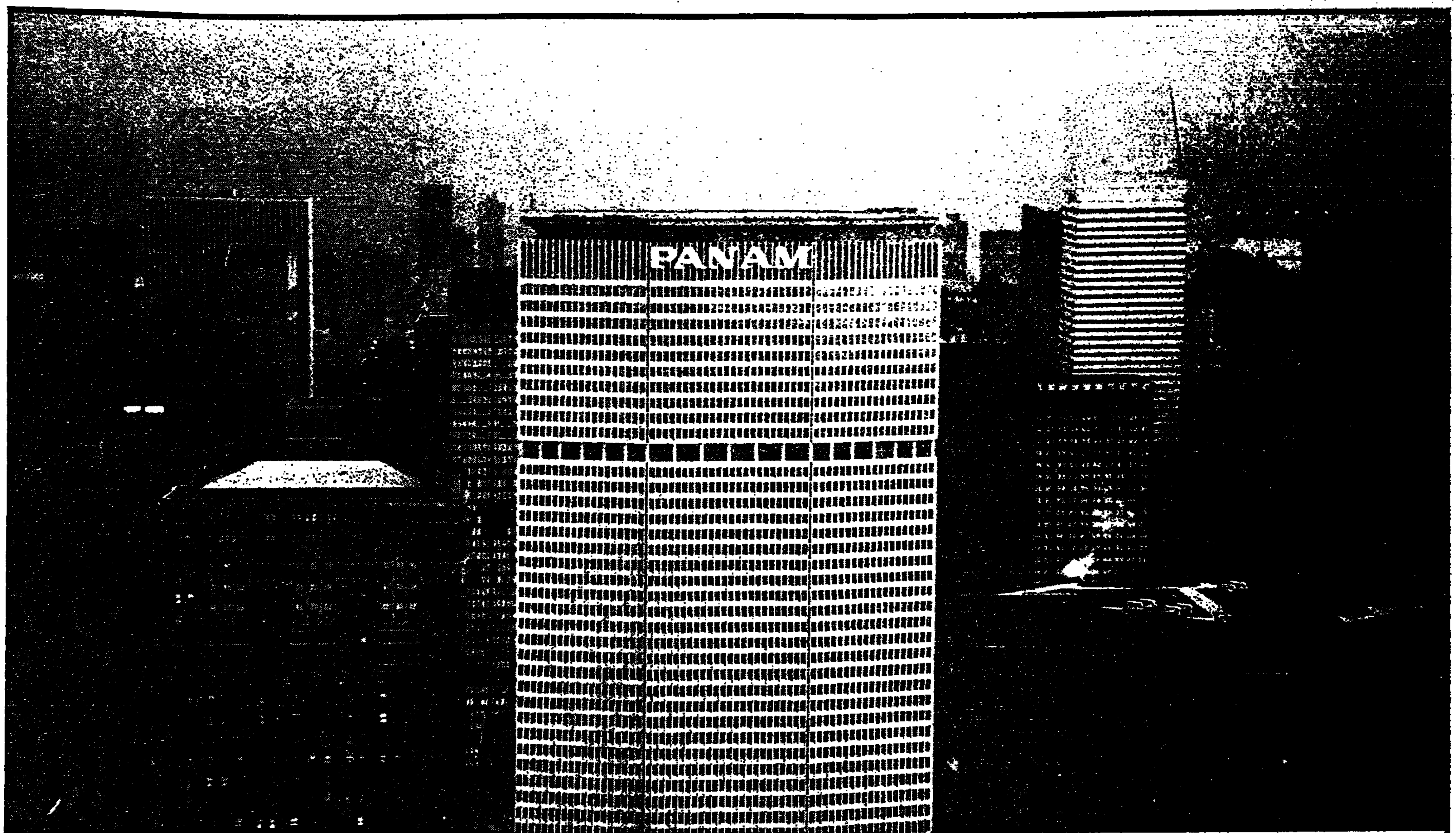
The forging of radio-telephonic dinks between France and Germany may yet put Britain out in the cold compared with the rest of Europe. CIT Alcatel officials hope that the joint Franco-German standard — which looks likely to be based on a hybrid between the MATS-E system and the standard developed by Siemens — will gain a foothold in other parts of Europe which have not yet decided the basis of their future radio-telephone links. These countries include Italy as well as Belgium and Switzerland.

Siemens already co-operates with TDK in developing German radio-telephones based on a 450 MHz standard.

The co-existence over the next few years of two German radio-telephone systems — 450 and 900 MHz, both probably involving Siemens, has been criticised by some electronics companies as a wasteful dispersion of resources in this sector.

Other companies to be involved in building the system will be picked from the four additional "pairs" which answered the tenders. Negotiations with the two countries' PTTs are expected to continue during the next few months with the parcelling out of contracts — to be awarded on a 50-50 basis to companies from each country — being worked out towards the end of the summer.

The other groups are Matra of France with Germany's Bosch; Secre of the French Jeumon-Schneider group with Ericsson's West German affiliate; Societe Anonyme de Telecommunications (SAT) of France with Standard Elektrik Lorenz (ITT's German subsidiary) and AEG Telefunken; and Motorola subsidiaries



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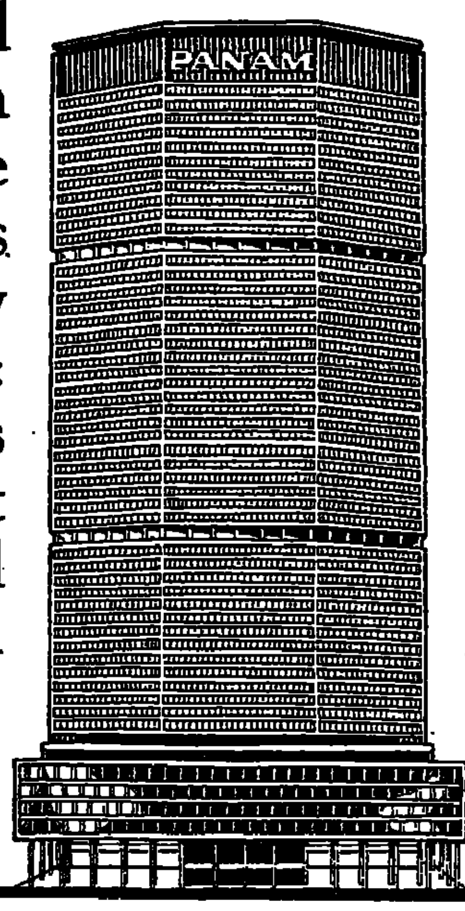

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday May 15 1984

Aluminium price dips to 12-month low, Page 42

WALL STREET

Depressed tone still dominant

DEEPENING uncertainty over interest rates continued to depress Wall Street yesterday, *writes Terry Byland in New York.*

Further losses were encountered in the bond market as traders struggled to lighten their portfolios in nervous and volatile trading. Stock prices drifted lower with investment interest subdued by the gloom in the fixed-interest sector.

The Dow Jones industrial average closed 6.07 down at 1,154.00.

Bond prices tumbled by as much as two full points in the first hour and although there was no repetition of the near-panic of Friday's market, trading conditions were very difficult. After a brief rally, prices turned down again at midsession.

The bond market trading firms must pay today for the $4.75bn of 30-year U.S. Treasury bonds auctioned on Thursday. The new bond, dated 2005–2014, carries a 13.25 per cent coupon and assumes the role of the market's key long-dated issue. At 97 7/32 yesterday, it showed a fall of 1 15/32 from Friday's quotations.

The refusal of investors to take up the bond, even at the lower prices quickly struck in the open market, has left market firms with paper losses totalling around $100m on the new issue since Thursday's auction.

Losses suffered by the leading market-makers, together with the absence of institutional interest, have left the bond market significantly short of liquidity, causing prices to move sharply on thin trading. The nervousness spilled over into the bond futures market, where prices rallied and limits were relaxed as traders sought to cover their losses being suffered in the cash market.

The mood of the fixed-interest market was extremely gloom, with analysts predicting higher interest rates as the rapid growth in private sector borrowing clashes with the burgeoning federal deficit.

The closing Wall Street report, updated U.S. market monitors and late Canadian prices were unavailable because of continuing industrial action at the Financial Times' printers in Frankfurt.

Salomon Bros estimated that short-term business borrowings have risen by nearly $37bn since the turn of the year, with the figure topped off by a rise of $469m last week.

Stock prices fell sharply in the first half-hour although turnover was well below average levels. Attempts to rally during the morning were quickly suppressed by the weakness in bonds, and leading stocks gave further ground.

But the underlying tone remained firm, buoyed by the strength of corporate profits in the first quarter of the year.

Interest rate-reliant stocks were sensitive to the depressed mood of the bond sector. H. F. Ahmanson, the largest savings and loan group, dipped $2⅝ to $19 at one stage despite higher profits. Nervousness over the adverse effects on business travel of an upturn in interest rates drove airline issues lower again.

One major cause for uncertainty was lifted by the announcement that 16 U.S. banks had arranged a $4.5bn loan package for Continental Illinois, the Chicago-based bank. Shares in Continental Illinois, standing at $13½ ahead of the announcement, later softened to $13⅜, a net $⅛ higher on the day.

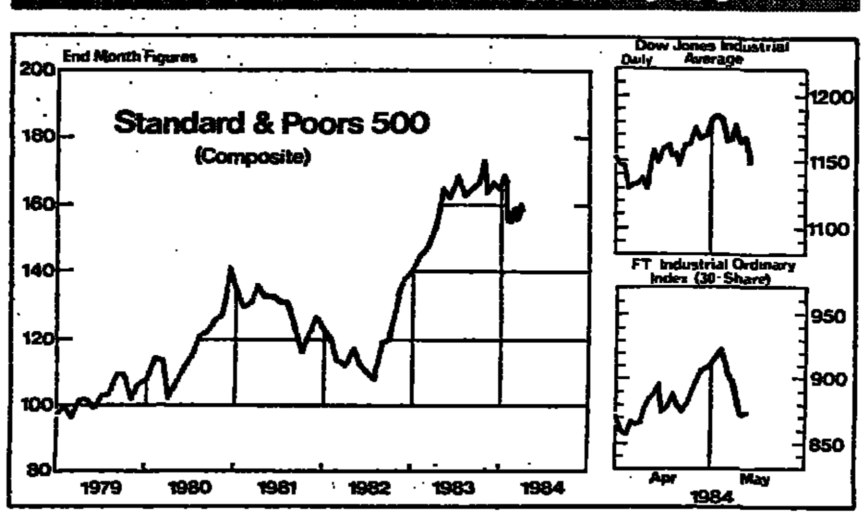
IBM recovered an early fall of $¼ to stand unchanged from Friday's close at $111¼. Ford Motor at $35 shed $¼ and General Motors at $63¼ was $⅝ off as investors shied away from the annual wage negotiations.

Other Major issues to weaken included General Electric, $½ down at $53⅞; Inco (International Nickel), $⅜ off at $12; and Texaco, $⅝ lower at $39⅛.

But firmer features included Walt Disney, $1⅜ higher at $64⅛, still hoping for a bid move from either Reliance Holdings or Mr Roy Disney. Chicago Milwaukee, the rail stock, put on $4¼ to $143¼.

The announcement of the loan for Continental Illinois reduced pressure on Bank certificates of deposit, and rates fell by 5 to 15 basis points. Treasury bill rates remained firm, with three month rates 3 basis points better at 9.96 per cent, and the six-month a similar amount higher at 10.30 per cent. The federal funds rate slackened to 10⅝ per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 14	Previous	Year ago
NEW YORK			
DJ Industrials	1154.00	1157.14	1218.75
DJ Transport	500.62	502.06	547.89
DJ Utilities	129.29	129.29	129.61
S&P Composite	157.49	158.49	164.90
LONDON			
FT Ind Ord	874.0	871.0	671.1
FT-SE 100	1082.4	1078.7	901.7
FT-A All-share	511.18	511.65	419.15
FT-A 500	559.02	558.72	454.13
FT Gold mines	597.8	618.6	677.8
FT-A Long gilt	10.64	10.64	10.65
TOKYO			
Nikkei-Dow	10,563.34	10,833.8	8,629.51
Tokyo SE	828.61	848.98	630.59
AUSTRALIA			
All Ord.	739.1	747.8	614.3
Metals & Mins.	498.6	508.9	546.9
AUSTRIA			
Credit Aktien	54.87	54.87	58.56
BELGIUM			
Belgian SE	154.45	154.30	122.59
CANADA	May 14	Previous	Yr ago
Toronto			
Metals & Mines	2001.1*	2015.0	—
Composite	2274.7*	2298.2	2443.9
Montreal			
Portfolio	110.46*	111.28	—
DENMARK			
Copenhagen SE	n/a	195.93	143.75
FRANCE			
CAC Gen	176.1	178.9	125.5
Ind. Tendance	110.2	112.6	77.7
WEST GERMANY			
FAZ-Aktien	344.24	348.16	311.09
Commerzbank	1003.4	1015.7	931.3
HONG KONG			
Hang Seng	908.72	928.32	947.56
ITALY			
Banca Comm.	211.59	211.16	188.63
NETHERLANDS			
ANP-CBS Gen	163.6	163.7	128.6
ANP-CBS Ind	131.4	131.5	106.4
NORWAY			
Oslo SE	289.20	293.02	191.75
SINGAPORE			
Straits Times	981.26	979.43	960.42
SOUTH AFRICA			
Golds	n/a	n/a	959.1
Industrials	n/a	n/a	929.1
SPAIN			
Madrid SE	closed	121.11	115.32
SWEDEN			
J & P	1519.28	1532.93	1506.77
SWITZERLAND			
Swiss Bank Ind	376.3	380.7	325.8
WORLD	May 11	Prev	Year ago
Capital Int'l	184.9	186.4	178.8

GOLD (per ounce)

	May 14	Prev
London	$373.00	$372.75
Frankfurt	$372.50	$372.75
Zurich	$373.25	$372.75
Paris (fixing)	$372.36	$373.29
Luxembourg (fixing)	$371.25	n/a
New York (May)	$373.60	$371.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 14	U.S. DOLLAR Previous	STERLING May 14	STERLING Previous
$	–	–	1.388	1.385
DM	2.757	2.7715	3.8275	3.84
Yen	231.25	230.25	321.0	319.0
FFr	8.465	8.515	11.7525	11.79
SwFr	2.2785	2.2875	3.165	3.17
Guilder	3.1025	3.114	4.3075	4.315
Lira	1702.5	1706.5	2361.5	2363.0
BFr	56.13	56.43	78.5	78.15
C$	1.29425	1.29425	1.799	1.7915

INTEREST RATES

	May 14	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9½
SwFr	3 13/16	3 15/16
DM	6⅛	6⅛
FFr	12¾	12⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	12	12 3/16
6-month U.S.$	12⅜	12⅜
U.S. Fed Funds	10⅝	10 7/16
U.S. 3-month CDs	11.50	11.75
U.S. 3-month T-bills	9.95	10

U.S BONDS

	May 14* Price	May 14* Yield	Prev Price	Prev Yield
Treasury				
11¾ 1986	98 27/32	12.50	98 [illegible]/32	12.46
12⅝ 1991	95 [illegible]/32	13.44	95 [illegible]/32	13.39
13⅛ 1994	97 [illegible]/32	13.55	98 [illegible]/32	13.45
13¼ 2014	97 [illegible]/32	13.61	98 [illegible]/32	13.45
Corporate				
AT & T				
10⅜ June 1990	87⅞	13.50	87⅞	13.50
3⅞ July 1990	69⅞	10.70	69⅞	10.70
8¾ May 2000	65⅞	14.20	65⅞	14.20
Xerox				
10⅞ March 1993	83¼	14.00	83¼	14.00
Diamond Shamrock				
10⅜ May 1993	82⅝	14.10	82⅝	14.10
Federated Dept Stores				
10⅞ May 2013	65⅞	14.20	65⅞	14.20
Abbot Lab				
11.80 Feb 2013	84⅝	14.00	84⅝	14.00
Alcoa				
12¼ Dec 2012	85⅝	14.35	85⅝	14.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	61–09	62–04	60–23	61–14
U.S. Treasury Bills (IMM) $1m points of 100%				
June	89.54	89.63	89.49	89.51
Certificates of Deposit (IMM) $1m points of 100%				
June	88.19	88.40	88.16	88.17
LONDON				
Three-month Eurodollar $1m points of 100%				
June	88.35	88.48	88.32	88.74
20-year Notional Gilt £50,000 32nds of 100%				
June	104–28	105–19	104–24	105–16

COMMODITIES

(London)	May 14	Prev
Silver (spot fixing)	637.55	632.45p
Copper (cash)	£1010.50	£1015.00
Coffee (May)	£2255.00	£2256.50
Oil (spot Arabian light)	$28.32	$28.30

LONDON

Resistance begins to be established

THE DISARRAY in U.S. financial markets continued to weigh on London sentiment yesterday but for the first time in several sessions an attempt was made to resist these influences.

On the first day of a new and extended trading account, most jobbers opened blue chip industrials slightly lower. Values gradually edged better, encouraging more genuine support from private investors.

Particularly strong were BTR, 20p up at 480p, and TI, 6p ahead at 244p as good demand followed their respective optimistic statements at yesterday's annual meetings. The rises in these two helped the FT Industrial Ordinary index to close 3.0 up at 874.0, the first improvement in six sessions.

South African golds opened lower and encountered early sporadic selling. Among the heavyweights, Randfontein fared worse with a decline of £3½ at £97½, while Vaal Reefs at £82¼ and Martebeest at £54⅜, gave up around £2½.

Initial gains in government securities disappeared as U.S. values went easier. Losses ranged to ¼.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39.

HONG KONG

A RESUMPTION of the Hong Kong slide was partially checked by the close, *but still left the Hang Seng index 19.60* lower at 908.72. Dealings were thin, but some support emerged after a 25-point midsession fall put in jeopardy the 900 barrier.

Of the trading majors, Jardine Matheson was 15 cents off at HK$8.80 and Swire Pacific down 40 cents at HK$14.

On the banking side Hongkong and Shanghai shed 10 cents to HK$6.15 and Hang Seng 75 cents at HK$34.25. A rare firm spot was Hongkong Telephone, unchanged at HK$41.

SINGAPORE

A STEADY Singapore result was achieved in dull dealings ahead of a national holiday today, allowing the Straits Times industrial index a 1.83 gain at 981.26 but leaving declines with a marked edge over advances of slightly less than two-to-one.

Banks were on the weak side, showing losses of 10 cents for OCBC at S$10.10 and 15 cents in DBS at S$9.40. Both now languish at 1984 lows.

A 2.4m block in Sime Darby changed hands off the floor but it emerged unaltered at S$2.41.

SOUTH AFRICA

WEAKNESS was predominant in Johannesburg stocks as the rand touched a record low against the dollar and the Reserve Bank moved to intervene.

Despite currency considerations and a firm bullion price, golds fared poorly. Randfontein shed R3.50 to R179 and Zandpan 50 cents to R16, while the mining financials had Amgold off R3 at R143.

CANADA

STEEP declines were encountered across the board in Toronto, with the largest losses to be found among the property, energy and mining sectors. Golds and base metals appeared equally affected.

Losses were more muted in Montreal, but covered the full range of industrial and banking issues.

EUROPE

Carmakers in the driving seat

MOTOR manufacturers found their prospects, for good or ill, firmly in the driving seat of many European bourses yesterday.

The perceived threat to West German industry – and in the immediate future to its motor industry – as a result of strikes by 13,000 metalworkers in the Stuttgart area, was underlined by a virtual absence of buying interest among investors in **Frankfurt.**

Concern about carryover effects was also cited for mixed to lower performance in Switzerland and the Netherlands, while in France the tone was soured by the spread of industrial action at Citroën.

In contrast, Italy was led higher by Fiat, which announced improved results and a major capital raising operation.

Coupled with concern about the level of U.S. interest rates, the West German strike by members of the IG Metall union left the Commerzbank index down 12.3 at 1,003.4.

Motor and engineering shares took the brunt of the downturn. Daimler-Benz, which has sites in the immediately affected region, fell DM 6.50 to DM 565.50 while Volkswagen was DM 4.50 lower at DM 189.10.

BMW, which became the first manufacturer to threaten shutdowns at four of its plants from Thursday if the strike continues, fell DM 2 to DM 382.

MAN, the manufacturer of heavy trucks, shed DM 4.20 to DM 148. Among engineering issues, Linde fell DM 6.80 to DM 375.20 and KHD DM 5 to DM 239.

Concern that higher U.S. interest rates could oblige the Bundesbank to follow suit at its meeting on Thursday left Deutsche Bank down DM 5.50 to DM 370 ex-dividend and Dresdner DM 2.90 lower at DM 166.50.

In electricals, Siemens shed DM 4.50 to DM 387.90 while battery maker Varta proved one of few exceptions, adding DM 5.50 to DM 172.20 after announcing a higher 1983 dividend.

Bond prices were again lower, in line with the U.S. trend, and the Bundesbank made DM 28.3m of purchases, following Friday's buying totalling DM 52.6m.

After a sharply lower opening, **Paris** continued to ease, with many investors holding back on expectations of several major capital increases soon.

Renewed tension in the motor industry also depressed prices. Peugeot fell FFr 9 to FFr 240.20 as the strike which began last Friday at the Citroën assembly plant outside Paris spread to two other Citroën factories.

In foods, Moët Hennessey shed FFr 34 to FFr 1,605 despite lower parent company net profits for 1983, while Matra, the state-controlled electronics and arms group, fell FFr 49 to FFr 1,402 as it reported higher net consolidated income last year but a sharp drop in non-consolidated net income.

A firmer **Milan** was spurred by a L26 rise to L4,200 for Fiat during official trading, ahead of the announcement of its improved 1983 results and major capital increase, including the largest rights issue ever made on the market.

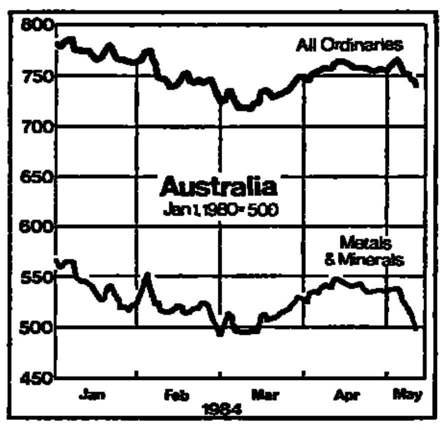
Later, in over-the-counter dealings, the shares moved up to L4,285, although analysts said today's full trading session would be the first true indication of investor sentiment.

In a generally lower **Brussels,** wiremaker Bekaert fell BFr 25 to BFr 4,350 as the president's annual report forecast a continued profits recovery this year.

Profit-taking in shares that gained strongly last week left **Zurich** broadly lower although selective demand for banks gave some support to the market.

Amsterdam was mixed in quiet trading although in a slightly firmer international sector, Unilever added 50 cents to Fl 262.50, with its first quarter earnings in line with market expectations.

Stockholm was also lower after a quiet start to the week.



AUSTRALIA

A SEVENTH successive Sydney decline was led by the mining and energy majors, under the effects of poor commodity values as well as the weak tone on other world stock markets, but leading industrials fared only slightly better.

BHP fell 25 cents to A$10.85, CRA 18 cents to A$5.60, Poseidon in golds 25 cents to A$4.25, and oil and gas major Santos finished at A$5.90 after its one-for-four rights issue at A$4. The previous close was A$6.66.

TOKYO

Slide as sellers have field day

RISING U.S. interest rates and a weaker yen led to a wave of small-lot selling almost across the board in Tokyo yesterday. Led by blue-chip issues, share prices fell continuously from the outset in the absence of buying support, with the Nikkei-Dow market average posting the second largest one-day loss on record, *writes Shigeo Nishiwaki of Jiji Press.*

The index plunged 270.53, or 2½ per cent, to close at 10,563.34. The high stock prices of recent years mean, however, that the percentage decrease is much smaller. The tenth largest fall, for instance, amounted to 5.02 per cent in November 1967.

Declines far outnumbered advances yesterday, by 657 to 86, with 113 issues unchanged. Turnover slowed further to 235.33m shares from last Friday's 314.91m.

Buying interest was dampened early, prompting small sales across a broad front. Investors, recently unsettled by climbing prices, were further daunted by Wall Street's severe setback on Friday in response to rising interest rates, and by the yen's slide to the Y231 level yesterday on the Tokyo foreign exchange market.

Blue chips in the light electrical, vehicle and precision instrument sectors lost ground widely. Hitachi shed Y25 to Y890, Matsushita Electric Industrial Y70 to Y1,800, NEC Y60 to Y1,210, Toyota Motor Y70 to Y1,330 and Canon Y40 to Y1,250.

Among top-priced issues, Fanuc and Kyocera came under heavy selling pressure, plummeting Y610 and Y450 respectively, to Y8,100 and Y5,250.

Opportunity buying of some chemical and steel issues toward the close failed to buoy the Dow index but Mitsubishi Chemical, volume leader on 8.17m shares, managed a Y3 gain at Y332.

The market's immediate prospects hinge on new upward movement by U.S. interest rates. Brokers and investors were keen to monitor Wall Street's performance later in the day.

The bond market weakened further in thin trading in reaction to Friday's plunge in U.S. bond values. Both buyers and sellers were forced to the sidelines, raising the yield on the benchmark 7.5 per cent long-term government bond due January 1993 to 7.345 per cent from Friday's 7.31 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅞	13¼	AAR	.44	2.2	21	95	20	19¾	19⅞	−⅛
53	31½	ACF	1.40	2.7	66	194	52⅝	52½	52½	−¼
22	15½	AMCA	n .1	.58		10	17⅝	17⅜	17⅜	−⅜
18⅞	13⅛	AMF	.50	3.2		255	15⅝	15⅜	15⅜	−⅛
41¼	26	AMRCp			7	1815	34½	33¾	34	−½
20⅞	17½	AMR	pf2.18	11		38	20	19⅝	19⅝	
41½	29⅝	AMR	pf2.13	6.0		612	35½	35	35⅛	−½
16¼	8¼	APL			3	69	12¼	12	12	−¼
55¼	40¼	ARA	2.10	4.5	10	102	46¼	46	46¼	−¼
75¾	50¼	ASA	3a	4.9		391	61	59⅝	60⅝	+¼
33¼	17	AVX	s .32	1.5	16	150	21½	20½	20¾	−¼
53¾	38¼	AbtLab	1.20	2.8	15	1623	43¼	42¾	43⅛	+⅛
30¼	23⅜	AccoWd	.60	2.2	18	13	27	26¾	26½	−¼
27½	20	AcmeC	.40	1.9		39	21⅛	20¾	20⅞	−½
13	8⅝	AcmeE	.32b	3.5	25	22	9¼	9⅛	9¼	−⅛
24⅞	12⅞	AdmDg	.04	.3	8	65	14	13¼	13¼	−¼
18¼	15½	AdaEx	2.11e	13		87	16⅛	15¾	16	−⅛
19¾	11	AdmMl	.28	1.6	8	456	18	17⅝	17⅞	+¼
22	14½	AdvSys	.81t	5.3	15	23	15½	15¼	15¼	−¼
18½	8⅞	Advest	.12	1.2	12	23	9⅝	9⅜	9⅝	−⅛
37½	22¼	AMD	s		27	2207	33¼	32½	30¾	−⅛
24⅞	11⅞	Aerflx	s		12	21	12¼	12¼	12¼	−⅛
43½	32⅞	AetnLf	2.64	7.9	18	992	33⅝	33¼	33½	−⅛
59⅞	54⅝	AetL	pf5.26e	9.1		509	57¼	56⅝	57¼	+¼

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
22¾	16½	Wynns	.60	3.2	10	37	19⅛	19	19	-⅜
		X-Y-Z								
52⅛	38⅜	Xerox	3	7.5	9	738	40	39⅝	39⅞	-⅛
53¼	47	Xerox	pf5.45	11		30	49½	49½	49⅝	+⅛
27	21¾	XTRA		2.7	10	251	24½	23½	23¾	-⅜
34	24	ZaleCp	1.26	4.8	11	46	26½	26¼	26½	
24⅞	15½	Zapata	.84	3.7	14	1342	23	22½	22⅝	
47½	28¾	Zayre	s.40b	1.1	11	304	35½	35⅛	35½	+½
38⅝	21¾	ZenithE			12	876	29½	28⅝	28⅝	-⅜
27⅞	19¼	Zero	s.36	1.8	16	1258	20½	19⅞	20	-½
37½	21⅛	Zurnin	1.32	5.8	10	228	23¼	22⅝	22⅝	-½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

May. 14	Price Sch%	+ or —
Creditanstalt	211	......
Goesser	326	......
Interunfall	403	......
Laenderbank	205	+1
Perlmooser	368	—1
Steyr-Dimler a	148	......
Veitscher Mag	214	—1

BELGIUM/LUXEMBOURG

May 14	Price Frs.	+ or —
ARBED	1,750	—30
Banq Int A Lux	5,050	......
Bekaert B	4,350	—25
Ciment CBR	2,360	......
Cockerill	298	+3
Delhaize	4,800	—30
EBES	2,575	—25
Electrobel	6,750	—100
Fabrique Nat	2,135	—15
GB Inno BM	3,100	+30
GBL (Brux)	2,380	—10
Gevaert	3,330	+45
Hoboken	5,390	—60
Intercom	2,135	—5
Kredietbank	7,290	+70
Pan Hldgs	10,000	......
Petrofina	8,000	+20
Royale Belge	9,150	—20
Soc. Gen. Banq	3,225	......
Soc. Gen. Belge	1,825	—15
Sofina	6,210	+30
Solvay	4,310	+175
Tractionel	3,815	+15
UCB	5,190	—10
Vieille Mont	3,855	—45

DENMARK

May 14	Price Knr %	+ or —
Aarhus Olie	440	......
Andelsbanken	243	+3
Baltic Skand	675	......
CopHandelsbank	237	......
D. Sukkerfab	660	—2
Danske Bank	238	+4
East Asiatic	179	+3
Forenede Brygg	960	—15
Forenede Damp	174	—4
GNT Hldg	555	......
I.S.S.B.	625	......
Jyske Bank	550	......
Novo Ind	2,525	......
Privatbanken	245	+3
Provinsbanken	339	—2
Smidth (F)	226	+1
Sophus Berend	1,186	+20
Superfos	495	......

FRANCE

May 14	Price Frs.	+ or —
Emprunt 4½% 1973	1,820	—5
Emprunt 7% 1973	9,517	+12
CNE 3%	3,498	+3
Air Liquide	569	—6
BIC	428	—9
Bouygues	674	—16
BSN Gervais	3,620	—70
CIT-Alcatel	1,370	—30
Carrefour	1,757	—33
Club Mediter'n	902	—22
CFAO	691	—14
Cie Bancaire	487.5	—13.5
Cofimeg	224.5	—0.5
Creusot Loire	31.8	—0.2
Darty	950	—26
Dumez S.A.	701	—14
Eaux (Cie Gen)	650	—19
Elf-Aquitaine	260	—7
Gen. Occidentale	639	—5
Imetal	94.4	—1.6
Lafarge Coppee	372	—13.5
L'Oreal	2,486	+169
Legrand	2,000	—70
Maisons Phenix	234	—9
Matra S.A.	1,402	—49
Michelin B	821	—21
Midi (Cie)	1,595	—25
Moet-Hennessy	1,605	—34
Moulinex	100	—2.5
Nord Est	49.1	—0.9
Pernod Ricard	771	—24
Perrier	523	—10
Petroles Fra.	282	—8.3
Peugeot S.A.	240.2	—9
Poclain	45.2	+0.2
Printemps Au	157	—6
Radiotech	309	—6
Redoute	1,190	—40
Roussel-Uclaf	1,100	—20
Schneider S.A.	92	—3.5
Sefimeg	370	+2
Skis Rossignol	1,383	—27
Telemech Elect.	1,710	—33
Thompson (CSF)	300	—10
Valeo	270	—4

GERMANY

May 14	Price Dm.	+ or —
AEG-Telef	95.8	—1.4
Allianz Vers	782	—10
BASF	161.1	—2.4
Bayer	168	—1.4
Bayer-Hypo	284	—5
Bayer-Verein	316	—9
BHF-Bank	272	—3
BMW	382	—2
Brown Boveri	210	—1.6
Commerzbank	167.5	—2.2
Cont'l. Gummi	121	—2
Daimler-Benz	565.5	—6.5
Degussa	371xr	+1
D'sche Babcock	159	......
Deutsche Bank	370.5xd	—5.5
Dresdner Bank	166.5	—2.9
GHH	148	—1.2
Hochtief	515	—5
Hoechst	172.2	—2.8
Hoesch Werke	114	—0.9
Holzmann (P)	423	—2.5
Horten	194.5	—0.5
Kali und Salz	200	—1
Karstadt	265	—1
Kaufhof	241	—2.5
KHD	239	—5
Kloeckner	58.2	+0.2
Krupp	78	+0.5
Linde	375.2	—6.8
Lufthansa	137	—2.8
MAN	146	—4.2
Mannesmann	142.2	—0.8
Mercedes Hld	490	—8
Metallgesell	246.5	+11
Muench Rueck	1,080	—70
Preussag	260.2	—5.8
Rhein West Elect	160.5	—1.5
Rosenthal	328.5	......
Schering	333	—9
Siemens	387.9	—4.5
Thyssen	82.1	—0.9
Varta	172.5	+5.5
Veba	164.3	—0.8
V.E.W.	119	—0.5
Verein-West	297	—2
Volkswagen	189.1	—4.5

ITALY

May 14	Price Lire	+ or —
Banca Com'le	34,090	+90
Bastogi-IRBS	136	+0.4
Centrale	1,755	+24
Credito Varesino	4,650	—30
Fiat	4,200	+86
Finsider	37.6	......
Generali Assicur	36,010	—290
Invest	3,250	—25
Italcementi	48,110	+200
Montedison	209.6	+0.6
Olivetti	4,988	+186
Pirelli Co	2,970	+5
Pirelli Spa	1,490	......
Snia BPD	1,561	+2
Toro Assic	11,620	—110
do. Pref.	9,070	—60

NETHERLANDS

May 14	Price Fls	+ or —
ACF Holding	193	+3
AEGON	131	—1.5
Ahold	191.5	+0.1
AKZO	93.9	+0.6
ABN	358	—3
AMEV	152.8	—2
AMRO	63	—0.8
Bredero Cert	200.2	—4.8
Bos Kalis Westm	31.1	—0.3
Buehrmann-Tet	72	+0.5
Calland Hldgs	34.5	—3.8
Credit Lyon'is Bk	57.7	—0.1
Elsevier-NDU	86.5	+0.2
Gist. Brocades	146	+2
Heineken	132	+0.5
Hoogovens	54	+0.8
Hunter Douglas	26.6	—0.3
Int Mueller	39	+1
KLM	170	+1
Naarden	40.5	......
Nat Ned Cert	229.5	—0.3
Ned. Credit Bank	40	......
Ned Mid Bank	138	—3
Nedlloyd	122.5	—0.3
Oce Grinten	241.5	—1
Ommeren (Van)	30.8	+0.2
Pakhoed	54.2	—0.3
Philips	47	+0.2
Rijn-Schelde	3.1	—0.1
Robeco	63.6	—1
Rodamco	135.5	—0.1
Rolinco	61.6	—1.2
Rorento	200.4	—0.1
Royal Dutch	158.2	—0.4
Unilever	262.5	+0.5
VMF Stork	118.5	......
VNU	158	......
West Utr Bank	93	—1.8

NORWAY

May. 14	Price Kroner	+ or —
Bergen Bank	179	—7
Borregaard	316	—16.5
Christiania Bk	179	—7
Den Norsk Cedit	180	—7.5
Elkem	163	—5
Norsk Data	320	—2.5
Norsk Hydro	655	—10
Storebrand	258	—7

SPAIN

May. 11	Price Pta%	+ or —
Bco Bilbao	324	+1
Bco Central	325	+2
Bco Exterior	207	......
Bco Hispano	229	+2
Bco Santander	301	+5
Bco Vizcaya	376	......
Dragados	165	—7
Hidrola	51	+0.3
Iberduero	57.8	......
Petroleos	126	+8
Telefonica	87.7	......

SWEDEN

May 14	Price Kroner	+ or —
AGA	370	......
Alfa-Laval	247	—4
ASEA (Free)	340	—12
Astra (Free)	495	—15
Atlas Copco	125	—2
Boliden	435	—3
Cardo (Free)	390	—10
Cellulosa	157	—2
Electrolux B	280	—5
Ericsson	318	—5
Esselte	335	......
Mo Och Domsjo	555	—10
Pharmacia	262	—8
Saab-Scania	418	—12
Sandvik	400	—5
Skandia	372	+2
Skan Enskilda	342	+2
SKF	215	......
St. Kopparbergs	755	......
Sven Handelsbn.	195	—2
Swedish Match	252	—3
Volvo B (Free)	497	—8

SWITZERLAND

May 14	Price Frs.	+ or —
Alusuisse	815	—16
Bank Leu	4,000	—25
Brown Boveri	1,390	—20
Ciba Geigy	2,355	+10
do. (Part Certs)	1,770	—10
Credit Suisse	2,310	—15
Elektrowatt	2,660	—10
Fischer (Geo.)	615	—20
Genevoise	4,150	+25
Hoff-Roche PtCts	102,000	—1,000
Hoff-Roche 1/10	10,200	—100
Jacobs Suchard	6,725	......
Jelmoli	1,805	+5
Landis & Gyr	1,400	......
Nestle	5,380	—80
Oer-Buehrle	1,200	......
Pirelli	251	+1
Sandoz (Br)	6,750	—75
Sandoz (PtCts)	1,065	—15
Schindler (PtCts)	565	—5
Swissair	980	—15
Swiss Bank	357	—1
Swiss Reinsce.	8,800	—50
Swiss Volksbk	1,455	—15
Union Bank	3,590	—20
Winterthur	3,015	—15
Zurich Ins.	18,150	—50

AUSTRALIA

May.14	Price Aust $.	+ or —
ANZ Group	5.64	—0.02
Acrow Aust.	1.6	......
Alliance Oil D.	0.71	......
Ampol Pet	1.8	......
Aust Cons Ind	1.82	......
Aust. Guarant	2.75	......
Aust. Nat. Inds	2.63	—0.05
Aust. Paper	1.95	......
Bell Group	5.1	—0.1
Bond Corp Hldgs	1.26	......
Boral	3.63	+0.03
B'ville Copper	2.4	—0.08
Brambles Inds	2.95	......
Bridge Oil	2.85	—0.05
BHP	10.95xa	—0.25
CRA	5.6	—0.16
CSR	3.5	—0.1
Carlton Utd	4.25	......
Castlemaine Tys.	4.52	......
Coles (G.J.)	3.75	—0.03
Comalco "A"	2.98	......
Consolidated Pet	0.65	......
Costain Aust.	1.3	......
Dunlop Aust.	1.7	—0.02
E.Z. Inds.	5.26	—0.1
Elders IXL	4.04	+0.01
Energy Res.	1.41	......

AUSTRALIA (continued)

May. 14	Price Aust. $	+ or —
Gen Prop Trust	2.11	+0.01
Hardie (J.)	3.2	—0.1
Hartogen Energy	2.75	......
HeraldW'y Times	5.8	—0.2
ICI Aust.	1.98	—0.04
Jimb'lana(50cFP)	0.28	......
Kia Ora Gold	0.16	......
Lend Lease	4.95	......
MIM	3.16	—0.07
Mayne Nickless	3.3	—0.05
Meekatharra	0.75	......
Myer Emp.	1.9	—0.02
Nat.Com.Bk	3.75	......
News	10.4	+0.4
Nicholas Kiwi	2.85	......
North Bkn Hill	2.56	......
Oakbridge	0.92	......
Otter Expl	0.50	—0.01
Pancont'l	1.38	—0.02
Pioneer Conc	1.51	—0.03
Reckitt & Coln	2.65	+0.05
Repco	1.17	......
Santos	5.9	—0.22
Smith (H.)	3.65	—0.04
Southland Min'g.	0.38	......
Spargos Expl	0.35	......
Thos. Natwide	1.88	—0.01
Tooth	5.3	......
Vamgas	3.28	—0.07
Western Mining	3.87	—0.03
Westpac	3.56	—0.04
Woodside Petrol.	1.18	—0.06
Woolworths	2.35	+0.01
Wormald Intl	3.2	—0.02

HONG KONG

May. 14	Price H.K.$	+ or —
Bank East Asia	19.8	—1.2
Cheung Kong	8	......
China Light	8	—0.1
Hang Lung Devel	2.35	......
Hang Seng Bank	34.25	—0.75
HK Electric	5.1	—0.15
HK Kowloon Wh.	5.42	—0.08
HK Land	2.97	—0.08
HK Shanghai Bk.	6.15	—0.1
HK Telephone	41	......
Hutchison Wpa	14.1	—0.2
Jardine Math	8.8	—0.15
New World Dev	3.05	......
Orient O'seas	2.37	......
O'seas Trust Bk.	2.9	—0.05
SHK Props	6.55	+0.55
Swire Pac A	14	—0.4
Wheel'k Mard A	3.17	—0.1
Wheel'k M'time	1.9	......
World Int. Hldgs	1.85	—0.04

JAPAN

May. 14	Price Yen	+ or —
Ajinomoto	1,070	—40
Alps Electric	2,240	—100
Amada	1,100	—100
Asahi Chem	550	—27
Asahi Glass	743	—17
Bridgestone	590	—15
Canon	1,250	—140
Casio Comp	1,340	—10
Chugai Pharm	990	—30
Citizen	523	—25
Daiei	675	—2
Dai Nippon Ptg	1,010	—10
Daiwa House	475	—5
Ebara	321	—2
Eisai	1,050	—20
Fanuc	8,100	—610
Fuji Bank	1,040	—20
Fuji Film	1,650	—70
Fujisawa	765	—3
Fujitsu	1,170	—70
Green Cross	1,800	—60
Hasegawa	386	......
Heiwa Real Est.	601	—10
Hitachi	890	—25
Hitachi Credit	1,580	—110
Honda	1,120	—60
House Food	770	—5
Hoya	1,790	—70
Itoh (C)	313	—8
Ito.Yokado	1,920	—30
Iwatsu	1,630	......
JACCS	381	—2
JAL	3,050	—50
Jusco	820	+6
Kajima	300	—1
Kao Soap	760	—12
Kashiyama	623	—10
Kirin	588	—14
Kokuyo	1,050	—10
Komatsu	480	—10
Konishiroku	621	—4
Kubota	310	......
Kumagai	473	—13
Kyoto Ceramic	5,250	—450
Maeda Const	485	—15
Makino Milling	1,370	—80
Makita	1,020	—20
Marubeni	373	—12
Marudai	620	—30
Marui	1,190	—60
MEI	1,800	—70
M'ta Elec Works	711	—30
M'bishi Bank	1,040	......
M'bishi Corp	530	—14
M'bishi Elec	401	—13
M'bishi Estate	516	—20

JAPAN (continued)

May. 14	Price Yen	+ or —
MHI	244	—6
Mitsui Co	361	—7
Mitsui Estate	715	—25
Mitsukoshi	355	+10
NGK Insulators	730	—50
Nihon Cement	220	—5
Nippon Denso	1,580	—20
Nippon Elect	1,210	—60
Nippon Express	324	—8
Nippon Gakki	626	—1
Nippon Kokan	151	—7
Nippon Oil	1,110	—20
Nippon Seiko	662	—26
Nippon Shimpan	600	—24
Nippon Steel	172	—4
Nippon Suisan	332	......
NTV	12,500	—500
Nippon Yusen	240	—4
Nissan Motor	651	—12
Nisshin Flour	425	—1
Nisshin Steel	215	—4
Nomura	792	—25
Olympus	840	—45
Omron Tateisi	1,920	—390
Orient Leasing	3,900	—130
Pioneer	2,400	—40
Renown	663	+1
Ricoh	1,000	—10
Sankyo	665	—26
Sanyo Elect	517	—2
Sapporo	440	—16
Sekisui Prefab	576	—11
Seven-Eleven	8,800	—90
Sharp	1,090	—40
Shimadzu	538	—19
Shionogi	602	—10
Shiseido	1,140	—30
Sony	3,450	—60
Stanley	725	—53
S'tmo Bank	1,810	—40
S'tomo Elect	853	—34
S'tomo Marine	470	—15
S'tomo Metal	182	—6
Taihei Dengyo	490	......
Taisei Corp	216	—2
Taisho Pharm	957	—13
Takeda	683	—7
TDK	5,420	—130
Teijin	409	—25
Teikoku Oil	707	—11
Tokyo Marine	602	—25
TBS	820	—27
Tokyo Elect Pwr.	1,260	—40
Tokyo Gas	176	—4
Tokyo Sanyo	738	—3
Tokyo Style	780	—10
Tokyu Corp	315	—8
Toppan Print	752	—20
Toray	455	—5
Toshiba Elect	398	—12
TOTO	615	—8
Toyo Seikan	775	—20
Toyota Motor	1,330	—70
Victor	2,570	—90
Wacoal	785	—25
Yamaha	515	—10
Yamanouchi	1,300	......
Yamazaki	710	......
Yasuda Fire	316	—24
Yokogawa Bdge.	420	—1

SINGAPORE

May. 14	Price $	+ or —
Boustead Hldgs.	2.56	+0.01
Cold Storage	3.8	......
DBS	9.4	—0.15
Fraser & Neave	6.0	......
Genting	5.3	+0.05
Haw Par. Bros	2.49	—0.02
Inchcape Bhd	2.8	—0.01
Keppel Shipyard	2.95	......
Malay Banking	9.65	......
Malay Brew	6.7	......
Multi Purpose	2.1	+0.22
OCBC	10.1	—0.1
OUB	4.34	—0.02
Sime Darby	2.41	......
Straits St'mship	1.53	......
Straits Trdg.	5.7	—0.05
UOB	5.2	......

SOUTH AFRICA

May. 14	Price Rand	+ or —
Abercom	2.15	—0.05
AE & CI	9.60	......
Anglo Am Coal	30	—3.5
Anglo Am Corp	21.6	—3.75
Anglo Am Gold	143	—3
Barclays Bank	21.75	—0.75
Barlow Rand	13.7	—0.1
Buffels	75	—1.5
CNA Gallo	3.25	—0.15
Currie Finance	5.5	......
De Beers	9.10	—0.12
Driefontein	43	—0.6
FS Geduld	45.5	—2.5
Gold Fields S.A.	26.75	......
Highveld Steel	6	......
Nedbank	16	—0.15
OK Bazaars	18.25	......
Protea Hldgs	2.96	+0.05
Rembrandt	27	......
Rennies	14.25	......
Rust. Plat	14.60	—0.15
Sage Hldgs	8.4	......
SA Brews	7.6	......
Smith (C.G)	26.25	......
Tongaat Huletts	11.7	......
Unisec	5.62	+0.02

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Stock	Sales (Hnds)	High	Low	Last	Chng
Ocilla	12	18	17½	17½	—½
Odetcs	3	11	11	11	
OffsLog	177	6⅞	6½	6⅞	+⅛
OhioCa 2.88	71	44⅛	43¾	43¾	—½
OldRep .88	26	35⅛	35⅛	35⅛	
OldSt pfC 2.60	2	20⅞	20⅞	20⅞	
OnLine	12	12	11	12	+1
Onyx	258	4⅝	4½	4½	—⅛
OpticC	117	22¼	22	22	—¼
OpticR s	110	38¾	38¼	38¾	
Orbanc	16	13¾	13	13¾	+¾
Orbit	86	6⅞	6½	6½	
Oshmn .20	13	16½	15¾	15¾	—⅝
OtrTP 2.56	32	24⅜	24	24⅜	—⅛
OwenMr .36	1	12⅞	12⅞	12⅞	+⅛
Oxoc	60	8	7⅞	7⅞	—⅛
[illegible]					

Continued on Page 44

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Allied Plant	30	+ 2
BTR	480	+ 20
Bakers	122	+ 18
Bishopsgate Tst.	205	+ 18
Brit. Aerospace	257	+ 11
Hanson Trust	224	+ 9½
Jessel, Toynbee	103xd	+ 4½
Ladbroke	240	+ 5
Leech (Wm.)	151	+ 6
Low & Bonar	228	+ 10
MFI	155	+ 7
Martin News-agent	310	+ 35
Menzies (John)	373	+ 14
Readicut	35	+ 3
TI	244	+ 6
Tomatin Dist.	30	+ 5
Young (H.)	87	+ 15
Cluff Oil	85	+ 5
Petranol	600	+ 95
MTD (Mangula)	16	+ 5
Pengkalen	950	+ 150

FALLS

Tr. 9½pc Cnv. 1989	£47½	— £¼
TR. 10½pc 1999	£95⅜	— £⅜
BSR	250	— 18
Beattie (James) A	107	— 7
London & L'pool	7*	— 3
Tysons	65	— 8
Whessoe	86	— 20
Eglinton O & G	225	— 11

** Price at suspension*

CANADA

TORONTO
Prices at 2.30 pm May 14

Sales	Stock	High	Low	Close	Chng
[illegible]					

MONTREAL
Closing prices May 11

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

WORLD ECONOMIC INDICATORS
every Monday in the Financial Times

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders manage technical rally but gilts lose early gains to close lower

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 30	May 10	May 11	May 21
May 14	May 31	June 1	June 11
June 4	June 14	June 15	June 25

* "New-time" dealings may take place from 9.30 am two business days earlier.

The disarray in U.S. financial markets continued to weigh on London sentiment yesteday. However, for the first time in several sessions markets here made an attempt to resist the influences which have adversely affected all international bourses recently. Although appearing fragile, the London recovery helped to soothe investors' anxieties over American trends and especially that towards higher borrowing costs.

On the first day of a new and yet another extended trading Account, equity traders were not convinced initially that leading shares would manage a technical rally. Most jobbers opened blue chip industrials slightly lower and expected further nervous selling. Little materialised and values gradually edged better with the aid of bear-covering by professional operators. The subsequent improvement in tone later encouraged more genuine support from private investors.

Particularly strong were BTR and TI which attracted good demand following their respective optimistic statements at yesterday's annual meetings. The rises in these two helped the FT Industrial Ordinary share index regain an early loss of 2.8 to close a net 3.0 up on the day at 874.0, the first improvement in six trading sessions.

The return of more stable conditions was considered mainly responsible for a revived interest in situation issues and the many stocks recommended in the weekend Press columns. Numerous features resulted in markets possibly over-responding after the previous five-day depression.

Government securities welcomed the rally late Friday in U.S. bonds. Quotations moved up around ½ at the longer end of the market fully anticipating an extension of the American trend. These hopes were confirmed but within a short space of time U.S. values went easier again and London followed. The gains in Gilt-edged disappeared and were eventually replaced by losses of ½; the short tap, £50-paid Treasury 9½ per cent Convertible lost that much to its lowest yet of 47½.

Jessel Toynbee bid

A further contracting Discount House sector was featured by Jessel Toynbee which rose 4½ to 103p xd in response to the agreed share exchange terms from Mercantile House, 8 easier at 360p. Others were inclined harder in sympathy, and Clive closed a penny dearer at 57p as did Smith St Aubyn, at 64p xd. Elsewhere, the major clearers moved narrowly in thin trading. Barclays rallied from an early dull level of 455p to finish a net 3 higher at 463p, but Lloyds softened 2 to 568p. Hill Samuel remained a friendless market at 283p, down 7.

Composite Insurances perked up on hopes that Commercial Union's first-quarter results, due to be announced today, will prove to be much better than the £20.4m deficit announced by Royals last week. CU firmed 3 to 203p and General Accident added 6 at 450p xd; the latter's quarterly figures are due on Thursday.

Tomatin Distillers stood out in an otherwise subdued Drinks sector, rising 5 to 30p in response to an investment recommendation. Distillers hardened a penny to 299p. Matthew Brown softened a couple of pence to 238p, after 236p, following the interim results.

Small buyers reappeared for selected Building issues. Blue Circle hardened 4 to 417p and BPB improved 5 to 320p. Redland, however, remained overshadowed by Amey Roadstone and Tarmac's joint venture into the concrete roofing tiles market, and slipped 4 more to 270p. Elsewhere, William Leech, which jumped 45 to 145p on Friday following the 123p per share cash offer from C. H. Beazer, gained 6 more to 151p, after 153p, on hopes of an increased offer from the latter, or a third party emerging. Allied Plant traded briskly on capital injection hopes and closed 2 dearer at 30p. Baggeridge Brick firmed 5 to 182p on the satisfactory annual results, but Tysons (Contractors) fell 8 to 65p following disappointing preliminary profits.

ICI fluctuated narrowly in thin trading before settling a couple of pence cheaper on balance at 592p. Among other Chemicals, Hickson International lost 12 to 348p on lack of support, but Anchor attracted interest and added 3 at 115p.

Martin The News jump

Currently in receipt of an unwelcome 260p per share bid from fellow newsagents W. H. Smith, Martin The Newsagent soared 35 in active trading to 310p on talk that WHS might increase its offer to well over £3 per share or that BATs could emerge as a counter bidder. John Menzies raced up 13 in sympathy to 273p. Other firm features among secondary Stores included Bakers Household which jumped 18 to 122p on aggressive buying. MFI returned to favour at 155p, up 7, while Readicut rose 3 to 35p in response to the strong annual profits recovery. Ward White gained 3 to 138p following Press comment and Greenfield Leisure, in which a consortium last week acquired a near-28 per cent stake, added 2 to 47p for a similar reason. Executex Clothes hardened 2 to 30p ahead of Friday's preliminary figures, but James Beattie "A" fell 7 to 107p following the cautious remarks about current year prospects which accompanied the results.

Leading Stores shrugged aside fears that the trend towards dearer credit could seriously affect consumer spending and staged a technical rally. Helped by weekend Press comment, Gussies "A" firmed 5 to 610p, while Marks and Spencer gained 3 to 248p xd.

Adverse weekend Press mention caused marked weakness in BSR which touched 243p before late support brought a close of 250p, down 18 on the day. Among other Electrical issues, Crystalate edged up a couple of pence to 272p in response to the interim results. Unitech, in contrast, met with occasional selling and gave up 10 at 275p along with Electrocomponents, which reacted 8 to 315p. USM stocks to give ground included Micro Focus, 30 lower at 770p, Micro Business Systems, 10 off at 465p, and Munford and White, 8 cheaper at 125p. CPS Computer, however, advanced 15 to 180p, after Press mention. Leading issues rarely strayed from previous closing levels, although Racal continued firmly at 242p, up 4.

TI, up 6 at 244p, in response to the chairman's encouraging statement at the annual meeting, provided the highlight among otherwise quiet leading Engineers. Elsewhere, Whessoe slumped 20 to 86p following the interim figures and forecast of appreciably lower profits for the full year. Late offerings left ML Holdings 8 lower at 247p, but occasional demand ahead of Thursday's half-year results prompted a rise of 2 to 65p in RHP. Reflecting favourable weekend Press mention, Johnson and Firth Brown put on 2½ to 15½p. Manganese Bronze were also noteworthy for a gain of 5 to 62p.

Foods displayed small irregular movements after a slow business. Associated Dairies attracted occasional support following last week's sharp fall and hardened a couple of pence to 168p. Elsewhere, Lennons added 2 to 48p on speculative interest, while Bernard Matthews rose 7 to 192p in a restricted market following Press comment. On the other hand, favourable mention failed to inspire Canvermoor, which eased 3 to 120p.

Under a certain amount of pressure last week, leading Hotels and Caterers made a better showing with Grand Metropolitan improving 4 to 340p in front of today's half-timer. Ladbroke firmed 5 to 240p, helped by acquisition news. De Vere Hotels gained 8 to 308p xd pending news of the bid approaches, but Ryan International lost a penny at 15½p despite increased annual profits.

BTR feature

BTR took a distinct turn for the better following the chairman's optimism at the annual meeting and closed at around the day's best at 480p, up 2. Other leading miscellaneous industrials presented a mixed appearance. Hanson Trust, reflecting favourable weekend Press mention, improved 9½ to 224p, but Bowater settled 5 cheaper at 318p after a relatively active trade. Occasional offerings and lack of support prompted dullness in Reed International, down 12 at 430p, while the first-quarter figures failed to inspire Unilever, 10 cheaper at 915p. BOC, in contrast, improved 5 to 275p and Metal Box firmed 6 to 350p. Elsewhere, British Aerospace attracted buyers and put on 11 to 257p; the annual meeting is scheduled for today. Newspaper comment enlivened interest in Low and Bonar, 10 to the good at 228p, and in European Ferries, 5½ up at 115p xd. Flexello Castors improved 6 to 64p for a similar reason. Dealings in London and Liverpool were suspended at 7p, down 3; it was announced late yesterday that the company had requested the appointment of a receiver.

Barr and Wallace Arnold Trust "A" highlighted the Leisure sector, rising 9 to 110p xd, after 112p xd, in response to favourable Press comment. Casino concern Aspinall Holdings attracted occasional support and firmed 5 to 125p, but scrappy selling cliped 6 from Riley Leisure, at 105p.

H. Young provided an outstanding firm feature in Motors, rising 15 to 87p on speculative buying in a thin market. Frank G. Gates hardened a couple of pence to 51p ahead of Friday's preliminary results but Jessups came on offer at 45p xd, down 6.

Leading Properties met with support at the outset and usually retained small gains. Land Securities edged up a couple of pence to 275p awaiting Thursday's annual results, while MEPC hardened a penny to 280p. Elsewhere, Allied London Properties gained the turn, at 89p, following the increased half-year profits and optimistic statement, while renewed demand in a restricted market lifted Priest Marians 10 to a 1984 peak of 550p.

P & O Deferred reflected Press comment and rose 3 to 315p in a quietly firm Shipping sector. Common Brothers attracted renewed speculative support and closed 6 higher at 180p.

Textiles provided a couple of firm features in Atkins Brothers which rose 13 to 141p on buying ahead of the preliminary results scheduled for June 5 and John Crowther, 2 harder at 32p, following an investment recommendation.

Bishopsgate Trust advanced 18 to 205p following news of the agreed bid from BPCC. Elsewhere in Investment Trusts, Far Eastern issues fell sharply. Baillie Gifford Japan lost 20 to 246p and Drayton Japan dropped 12 to 361p.

Petranol surge ahead

The oil sector was highlighted by Petranol which continued to trade actively on Texas exploration hopes and advanced to 540p before a late surge lifted the price to 600p for a gain of 95 on the day.

Irish exploration issues were erratic. Eglinton succumbed to profit-taking and dipped 11 to 225p, but Arnan Energy firmed 3 to 77p. Atlantic Resources touched 82p before closing without alteration at 80p. Elsewhere, Cluff gained 5 to 85p following comment on the group's South China Seas drilling programme, while Oil and Gas jumped 7 to 62p on news of the 63.3p per share cash bid for the outstanding 70 per cent of the equity from the Merchant Navy Officers Pension Fund. Renewed speculative buying lifted Double Eagle 8 to 53p and Palliser 5 to 50p. Warrior Resources added 2 to 72p.

The oil majors opened a shade lower and thereafter moved within a narrow range before settling a few pence firmer on balance. Shell, first-quarter figures due on Thursday, closed 3 dearer at 643p, as did British Petroleum, at 488p. Ultramar edged up a couple of pence to 607p helped by a broker's recommendation.

Golds remain dull

Mining markets began the new Account on the same uninspiring note as the previous trading period finished. Yet another drab performance by precious and base-metal markets coupled with persisting uncertainty over UK equities continued to hinder investment confidence and share prices suffered accordingly.

South African Golds opened lower reflecting Wall Street advices and encountered early sporadic selling from domestic sources, although dealers again reported exceptionally thin trading conditions.

An attempted midday rally, largely attributable to technical influences, failed to hold and most shares closed at around the day's lowest.

Bullion traded down to the $371 per ounce level initially, but staged a modest rally as the dollar eased in foreign exchange markets to finish 0.25 higher on balance at $373 per ounce. The FT Gold Mines index, adversely influenced by the Orange Free State mines in the Anglo American group being quoted ex-the-dividend, fell 20.8 to 597.8—the lowest since mid-February.

Among the heavyweights, Randfontein fared worse with a decline of 3½ at £97½, while Vaal Reefs, £82½, and Hartebeest, £54⅞, gave up around 2½ respectively. Smaller-priced issues showed losses of around 35, common to Blyvoor, 945p, Stilfontein, 981p, and Unisel, 909p. Platinums also lacked support with Impala ⅜ cheaper at £11 and Rustenburg 32 lower at 810p.

Losses among South African Financials were usually restricted to aronud a point with "Amgold" ½ off at £81. Anglo American Coal eased a fraction to £16½ awaiting today's preliminary figures.

Traded Options attracted 4,893 contracts comprising 3,002 calls and 1,891 puts, comparing favourably with last week's daily average of 5,063. Much of yesterday's business however, centred on the FTSE 100 index contract which attracted 1,055 calls, with the June 1,075's and 1,100's recording 299 and 356 trades respectively, and 614 puts, 316 in the June 1,075's. Hanson Trust attracted fresh demand with 346 calls traded, 108 in the June 220's.

FINANCIAL TIMES STOCK INDICES

	May 14	May 11	May 10	May 9	May 8	May 4	year ago
Government Secs	79.63	79.75	80.15	80.46	80.54	81.02	80.61
Fixed Interest	84.80	85.00	85.23	85.58	85.53	85.86	82.87
Industrial Ord.	874.0	871.0	884.9	896.2	904.8	915.4	671.1
Gold Mines	597.8	618.6	622.2	642.2	632.8	665.1	677.8
Ord. Div. Yield	4.46	4.47	4.40	4.35	4.32	4.27	4.67
Earnings, Yld.% (full)	10.37	10.41	10.20	10.08	10.00	9.89	9.17
P/E Ratio (net) (*)	11.61	11.57	11.83	11.96	12.06	12.20	13.53
Total bargains (Est.)	25,057	23,359	20,045	20,095	21,568	23,297	15,649
Equity turnover £m.	—	359.43	309.87	237.76	239.29	243.72	169.54
Equity bargains	—	22,275	20,739	18,208	20,623	20,255	15,513
Shares traded (ml)	—	196.5	169.6	134.4	138.6	141.6	101.8

10 am 868.2. 11 am 870.2. Noon 870.4. 1 pm 871.6. 2 pm 872.2. 3 pm 873.0.

Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=11.06.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	81.77 (9/1)	79.63 (14/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	84.60 (14/5)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (3/5)	770.3 (4/1)	922.8 (2/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	520.2 (17/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	May 11	May 10
—Daily		
Gilt Edged Bargains	209.8	170.8
Equities Bargains	144.3	124.4
Equities Value	726.5	626.3
5-day Average		
Gilt Edged Bargains	185.9	172.3
Equities Bargains	132.3	129.2
Equities Value	561.9	528.5

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (43)

BRITISH FUNDS (1)
Exch 3pc 1984

CORPORATION LOANS (1)
LCC 5½pc 1982-84

CANADIANS (1)
Hollinger

BUILDINGS (3)
Baggeridge Brick; Leech (Wm.); Latham (J.)

CHEMICALS (2)
Anchor Chemical; Ransom (Wm.)

STORES (6)
Bakers Household St; Martin Newsagent; Ellis & Goldstein; Ward White; Lincroft Kilgour; Wearwell

ELECTRICALS (1)
Racal Electronics

ENGINEERING (3)
Manganese Bronze; Spear & Jackson; Neill (J.)

FOODS (1)
Lennons

INDUSTRIALS (6)
Dufay Bitumastic; Hanson Trust; Emhart Corp; Macfarlane; Flexello Castors; Macpherson (D.)

LEISURE (1)
Barr & WAT A

MOTORS (2)
Reliant Motor; Lookers

NEWSPAPERS (1)
Independent

PROPERTY (2)
Intl Income Prop; Priest Marians

SHIPPING (1)
Common Bros

TEXTILES (3)
Atkins Bros; Yorklyde; Illingworth Morris A

TRUSTS (3)
Bishopsgate Trust; Winterbottom Energy; Derby Trust Cap

OILS (2)
Double Eagle; Petranol

MINES (3)
West Coast; Pengkalen; Jantar

NEW LOWS (157)

BRITISH FUNDS (61)
FOREIGN BONDS (1)
CANADIANS (2)
BANKS (4)
BUILDINGS (4)
CHEMICALS (3)
ELECTRICALS (8)
ENGINEERING (9)
FOODS (1)
INDUSTRIALS (15)
LEISURE (3)
MOTORS (2)
PROPERTY (4)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (15)
OILS (6)
OVERSEAS TRADERS (1)

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	77	+3
BSR Intl.	250	−18
Bowater	318	−5
Brit. Aerospace	257	+11
Eglinton Oil & Gas	225	−11
European Ferries	115xd	+5½
Fisons	755xd	−13
GEC	176	+1
ICI	592	−2
Jessel Toynbee	103xd	+4½
Lon. & Liverpool Trust	7*	−3
Martin the Newsagent	310	+35

* Price at suspension

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon May 14 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Fri May 11 Index No.	Thurs May 10 Index No.	Wed May 9 Index No.	Tues May 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (202)	586.15	—	9.41	3.71	13.45	585.97	509.68	516.68	519.47	453.77
2	Building Materials (24)	500.37	−0.5	11.73	4.54	10.49	502.98	505.40	515.50	521.67	417.57
3	Contracting, Construction (32)	708.71	−1.2	13.81	5.32	9.20	717.18	719.24	731.63	735.07	751.80
4	Electricals (14)	1652.55	−1.2	8.10	4.41	15.59	1672.27	1685.55	1712.07	1721.64	1709.06
5	Electronics (27)	1730.12	+0.1	8.25	2.21	15.72	1729.04	1738.25	1753.98	1760.32	80.0
6	Mechanical Engineering (62)	240.78	—	11.28	4.99	10.97	240.76	244.15	246.96	248.35	210.92
8	Metals and Metal Forming (9)	192.60	−0.3	11.04	6.55	11.54	193.18	195.86	199.27	200.24	175.81
9	Motors (17)	138.45	−0.6	5.27	4.34	—	139.33	140.44	142.20	141.87	100.32
10	Other Industrial Materials (17)	688.23	+2.0	6.45	3.48	19.43	674.71	680.47	693.47	696.87	436.85
21	CONSUMER GROUP (195)	519.54	−0.1	10.14	4.08	12.13	520.02	526.32	534.49	539.32	416.02
22	Brewers and Distillers (23)	531.30	+0.2	11.31	4.55	10.95	530.09	536.23	544.50	546.65	449.78
25	Food Manufacturing (22)	391.86	−0.8	14.08	5.47	8.69	395.13	398.99	406.37	408.29	323.57
26	Food Retailing (12)	1185.91	+0.2	7.12	2.48	18.10	1184.06	1205.09	1224.46	1232.56	827.74
27	Health and Household Products (9)	791.80	+0.1	6.20	2.96	19.00	791.14	801.37	806.30	813.61	801.59
29	Leisure (23)	663.93	−0.4	8.84	4.31	14.60	666.83	676.64	689.19	690.89	523.68
32	Newspapers, Publishing (13)	1329.84	−0.5	7.48	4.06	16.37	1335.94	1333.70	1347.37	1349.24	783.59
33	Packaging and Paper (15)	263.61	−1.1	9.75	3.99	12.16	266.55	264.45	264.64	265.70	155.28
34	Stores (47)	466.37	+0.6	8.32	3.55	16.09	463.71	469.63	477.94	484.16	364.80
35	Textiles (20)	294.67	−0.5	10.74	4.16	10.77	296.06	300.43	306.56	310.75	202.93
36	Tobaccos (3)	613.83	−0.8	18.03	5.87	6.26	618.68	628.83	643.24	658.35	432.21
39	Other Consumer (8)	466.91	−1.8	11.57	4.36	—	475.45	479.50	487.20	489.55	377.02
41	OTHER GROUPS (88)	452.28	+0.1	9.72	4.31	12.68	451.61	457.49	461.01	461.14	335.89
42	Chemicals (18)	607.54	—	12.16	4.85	10.19	607.64	621.54	624.75	629.28	464.12
44	Office Equipment (5)	130.86	−0.1	8.16	5.79	15.86	130.98	130.62	128.39	129.94	98.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	3	24	18	34	—	—	$372.20
GOLD C	$375	83	2.50	145	16.50	13	26	"
GOLD C	$400	—	—	50	5.50	10	16	"
GOLD C	$425	—	—	16	2	5	7	"
GOLD P	$375	10	3	11	7.90	3	10	—
[illegible]								

TOTAL VOLUME IN CONTRACTS 11,552

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −
[illegible]							
4	Nil	21/5	4pm	2pm	Norton (W.E.) 1p	3pm	+1
A$4	Nil	—	382pm	380pm	Santos A0.25c	380pm	......
135	Nil	21/5	30pm	26pm	Scottish TV 'A' 10p	26pm	......
20	Nil	23/5	3pm	1pm	Wace Group 20p	1½pm	+½
84	Nil	26/5	55pm	39pm	Websters 5p	39pm	−2
68	Nil	18/5	22pm	19pm	Whatlings	23pm	+1
117	Nil	23/5	25pm	20pm	Williams Hldgs	22pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings C Canadian F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▪ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. ‡ No par value. ‡ Price at suspension. Delaney Group was formerly Birmingham Pallet.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	86	17
Corpns Dom & Foreign Bonds	9	5	66
Industrials	289	418	702
Financial & Props	74	202	247
Oils	19	47	56
Plantations	8	8	11
Mines	9	92	73
Others	24	126	80
Totals	427	984	1,252

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 8	May 18	Aug 9	Aug 20
May 21	June 8	Aug 30	Sept 10
June 11	June 22	Sept 13	Sept 24

For rate indications see end of Share Information Service

Call options were arranged in John Brown, Blackwood Hodge, Kwik-Fit, Double Eagle, Atlantic Resources, Gestetner A, Premier Oil, Barker and Dobson, Bristol Oil and Minerals, Astra Industrial, Armour Trust, Rotaprint, Berkeley and Hay Hill, Grindlays, ICL, Boots, Davy Corporation and Sterling Guarantee Trust. No puts or doubles were reported.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
BOC	25	270	−18
BP	23	485	−10
Leech (Wm.)	21	145	+45
Midland Bank	21	368	−7
Gestetner A	20	90	−4
Dataserv Inc	18	98	−7
Ultramar	18	605	−10
Wordplex New	18	305	−1
RTZ	17	620	−5
BAT Inds.	16	221	−4
Glaxo	16	825	−15
Hogg Robinson	16	193	−2
LASMO	16	300	−10
Minster Assets	16	130	−1

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
B.P. (*488)	390	103	—	—	3	—	—
	420	73	90	—	4	7	—
	460	42	57	67	6	12	20
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*298)	260	55	—	—	7	—	—
	280	38	47	—	10	15	—
	300	23	33	43	23	33	35
[illegible]							

May 14 Total Contracts 4,893 Calls 3,002 Puts 1,891

*Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99⅞	97⅛	Exch. 3pc 1984	99⅞xd	.....	3.02	8.81
101⅞	100⅛	Treas 12pc 1984	100¼	+⅛	11.91	9.59
105¾	103⅛	Treas. 15pc 1985	103⅜	-⅛	14.50	10.12
102¾	101¼	Exch. 12pc Cnv. '85	101¼	.....	11.85	10.35
95⅛	93⅛	Treas 3pc 1985	94⅝xd	-⅛	3.17	8.73
102⅝	100⅞	Treas 11½pc 1985	100⅞	.....	11 39	10.58
99¾	97⅛	Treas 8¾pcCnv '85	97⅝	.....	8.97	10.72
104⅜	101⅞	Exch. 12¼pc 1985	101⅞xd	.....	12 02	10.81
103⅛	101⅛	Exch. 11¼pc '86	101⅛	-⅛	11 58	10.78
102⅛	98⅛	Treas. 10pcCnv 1986	98⅜	-⅛	10.15	10.83
90¼	88¼	Treas 3pc 1986	89⅛xd	.....	3.37	9.08
102	99⅛	Exch 10½pc Cv '86	99⅛xd	-⅛	10.59	11.00
104⅛	101⅝	Treas 12pc 1986	101⅝xd	-⅛	11.81	11.13
96¼	95⅛	Treas 8½pc 1984-86‡‡	95½	-⅛	8.90	10.88
108⅞	105⅞	Exch. 14pc 1986	105⅞	-⅛	13.23	11.21
87⅛	85	Exch. 2½pc 1986	85¼xd	-⅛	2.92	8.93
107⅞	104⅜	Exch. 13¾pc 1987	104⅝	-⅛	12.70	11.29
100⅝	97⅛	Treas 10¼%Cv '87	97⅛	-⅛	10.52	11.32
86⅛	83⅞	Exch 2½pc 1987	83⅞	.....	2.99	9.25
101⅞	97¾	Exch. 10½pc 1987	97¾	-⅛	10.74	11.41
92⅞	89½	Funding 6½pc '85-87‡‡	89½	-⅛	7.26	10.72
99⅝	96⅛	Treas. 10pc 1987	96⅜xd	-⅛	10.36	11.38
85	82¼	Treas 3pc 1987	82¼	-⅛	3.65	9 68
105	101⅛	Treas. 12pc 1987	101⅛	-⅛	11.82	11.42
94⅞	90½	Treas 7¾pc 1985-88‡‡	90½	-⅛	8.56	10.91
100¼	95½	Exch 10½pc '88	97⅛	-⅛	10.80	11.39
98⅞	94½	Treas 9¾pc Cv '88	94½xd	-⅛	10.32	11.49
82	77⅝	Transport 3pc '78-88	77⅝	-⅛	3.86	9.70
96⅞	93¼	Treas. 9½pc '88	93¼	-⅛	10.19	11.47
106¼	100⅛	Treas 11½pc 1989	100⅛	-⅛	11.49	11.44
50	47⅛	Treas9½pcCv'89 (£50pd)	47⅛	-¼	10.19	11.33

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin. 13% 97/02	£93	......
Albany Inv 20p	88	−1	Alliance Gas	70	......
Craig & Rose £1	800	......	Arnott	235xd	......
Finlay Pkg. 5p	50	......	CPI Hldgs	85	......
Higsons Brew	100	+2	Carroll Inds.	130	......
Holt (Jos) 25p	880xd	+8	Hall (R. & H.)	67	+2
IoM Stm. £1	142	......	Heiton Hldgs.	28	+1
			Irish Ropes	43	+3
IRISH			Jacob (W.& R.)	63	......
Exch. 12% 1985	£99	......	TMG	50	......
Nat. 9¾% 84/89	£88½	+⅛	Unidare	83	......

OPTIONS — 3-month call rates

Industrials		Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lofs'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr.	20	**Oils**	
Burton Ord	22	Midland Bk	36	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16p	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	28
FNFC	6¼	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8		
Glaxo	70	TI	22	**Mines**	
Grand Met	30	Tesco	16		
GUS 'A'	55	Thorn EMI	55	Charter Cons	24
Guardian	50	Trust Houses	18	Cons Gold	58
GKN	20	Turner Newall	10	Lonrho	12
Hanson Tst	17p	Unilever	75	Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707 142311

Pension Funds				
EqPenFdAcc	696.3	711.8	−5.8	—
EuroFdAcc	104.0	109.4	−0.4	—
FxdIntAcc	424.7	447.0	−0.7	—
GtMnPnAcc	259.3	272.9	+0.2	—
IntManFd	268.5	282.6	−4.1	—
JapPnFdAcc	153.3	161.3	−6.1	—
AmPnFdAc	121.0	127.3	−0.8	—
Property	243.6	256.4	+0.1	—
MplIntPnAc	552.4	581.4	−4.9	—

Colonial Mutual Group
24 Ludgate Hill EC4P 4BD. 01-248 9861
Capital Life Assurance

KeyInvFd	—	131.09	....	—
PcmkrInvFd	—	132.91	....	—
Equity Fd	134.61	141.70	....	—
FxdIntFd	111.72	117.60	....	—
Propty Fd	114.47	120.49	....	—
Cash Fd	102.91	108.33	....	—
ManagdFd	130.58	137.45	....	—
Col Mut Life (Pension Annuities)				
ManCpA.B	117.68	123.88	−0.14	—
ManInvA.B	118.95	125.22	−0.05	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnnAcUts	—	170.56	−3.27	—
VarAnnMay18	—	36.93	−0.46	—
Prime Series—Life				
Managed	139.3	146.7	−1.1	—
UK Equity	146.0	153.7	−1.2	—
Intl Eq	130.8	137.7	−2.6	—
Property	105.8	111.4	....	—
Fixed Int	110.9	116.8	−0.6	—
IndxLkdGt	91.1	95.9	−0.3	—
Cash	101.9	107.3	+0.1	—
Prime Series—Pensions				
Managed	108.6	114.4	−1.2	—
UK Equity	110.5	116.4	−0.3	—
Int Eq	106.5	112.2	−3.7	—
Property	97.8	103.0	....	—
Fixed Int	94.9	99.9	+0.2	—
IndxLkdGt	93.2	98.2	−0.1	—
Cash	97.9	103.1	+0.2	—

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

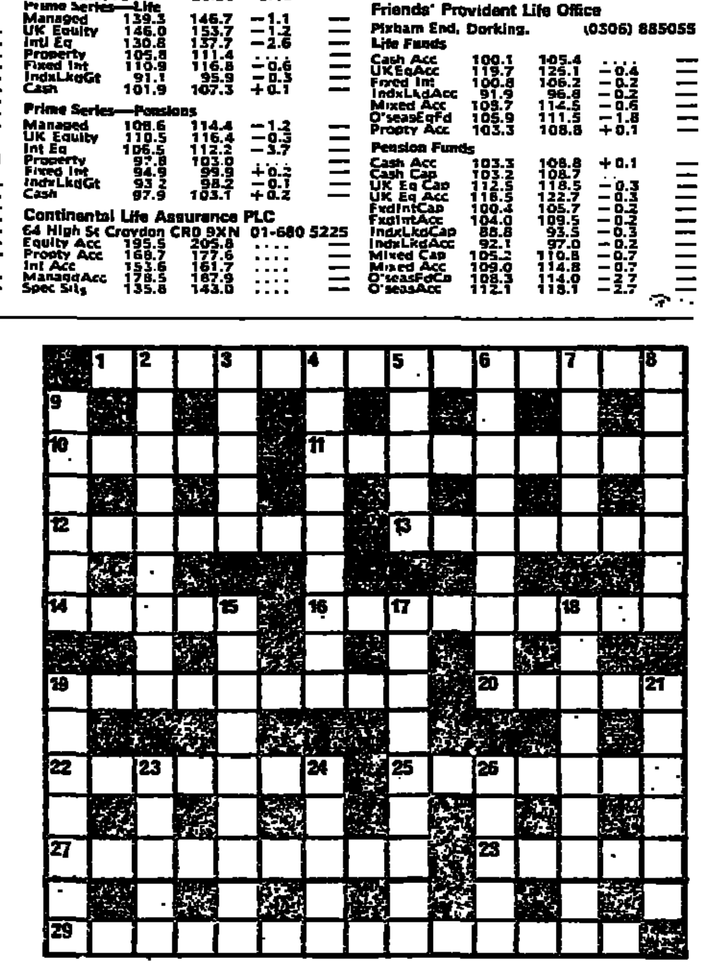
Equity Acc	195.5	205.8	....	—
Propty Acc	168.7	177.6	....	—
Int Acc	153.6	161.7	....	—
ManagdAcc	178.5	187.9	....	—
Spec Sits	135.8	143.0	....	—

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

F.T. CROSSWORD PUZZLE No. 5,416



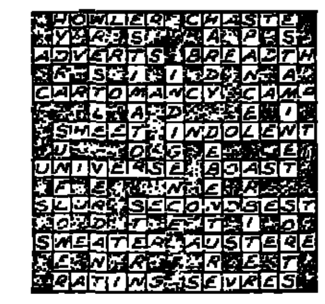
ACROSS

1 Get a better image to draw to one's attention (5, 4, 5)
10 Sort of tape for second-class attack (5)
11 Spain and sari (when out) are abroad (9)
12 Disturbed term in river is the end! (7)
13 Stock feed like a small company prepared . . . (3, 4)
14 . . . can be a mockery to eat quickly (5)
16 Events covered by running commentary? (9)
19 Dress tree that's variegated? Rats! (9)
20 Great bigwig (5)
22 Face round fool could describe a clock (7)
25 Amount produced not in a twist (7)
27 It changes state and could 1 across (9)
28 Part of house once seen on screen (5)
29 Ring letter for crime in theatrical performance (4, 1, 3, 6)

DOWN

2 Responses to chemical changes (9)
3 Push gently for example horse, mounted (5)
4 Caper about in broken time for curse (9)
5 Actor sometimes taking part (part of body) (5)
6 Old soldiers, fliers (U.S.) I get drilled (9)
7 She's included in the declaration (5)
8 Relatively feminine people (7)
9 Sailor has lady who's superior (6)
15 Star—fit me accordingly in the best side (5, 4)
17 This is variable with nothing on mass, an indicator of variables (9)
18 It isn't even unfair without it (9)
19 Tailless bird in act worked out (7)
21 Sort of gentry brought down (6)
23 Port for a cake? (5)
24 A class of cowboys will use it (5)
26 Leader of government in row—a forceful person (5)

Solution to Puzzle No. 5,415



INSURANCE & OVERSEAS MANAGED FUNDS

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American May 8	161.1	169.6	.....	—
Australian May 8	113.2	119.2	.....	—
British May 8	147.0	154.8	.....	—
Commodity May 8	136.7	143.9	.....	—
Extra Inc May 8	136.1	143.3	.....	—
Far Eastern May 8	129.5	136.4	.....	—
Gilt May 8	100.5	105.8	.....	—
Global Strat May 8	190.4	200.5	.....	—
Gold Share May 8	81.7	86.1	.....	—
High Inc May 8	139.6	147.0	.....	—
Income May 8	176.0	185.3	.....	—
Japan May 8	193.4	203.6	.....	—
Oil & Energy May 8	137.0	144.3	.....	—
Special Sits May 8	160.0	168.5	.....	—
UK Smllr Cos May 8	146.8	154.6	.....	—
Man Growth May 8	163.3	171.9	.....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0993

"Asset Builder"	70.1	74.3	.....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr May 1	67.9	72.7	.....	—
MM Flexible May 10	59.1	62.3	.....	—
Fixed Interest May 4	57.7	60.8	.....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

Continued on adjacent Page

London & Manchester Group
Winslade Park, Exeter EX5 1DS. 0392 52155

	Cap	Acc		Rd M/C
Invest Trust Fd.	315.7	342.8	-4.8	358.2
Property Fd	117.7	126.9	.....	132.4
Fixed Int Fd.	137.7	148.5	-0.4	—
Equity Fd.	140.5	152.4	-0.5	—
Intnl Fd	131.5	141.4	-1.0	—
Guaranteed Dep Fd	140.0	149.7	+0.1	—

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OFFSHORE AND OVERSEAS

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COMMODITIES AND AGRICULTURE

Nymex to apply for options on crude oil

By Nancy Dunne in Washington

THE New York Mercantile Exchange (Nymex) has announced that it will submit an application to the Commodity Futures Trading Commission (CFTC) to trade options on crude oil.

Nymex introduced crude oil futures in March 1983. Daily average trading volume of crude this year to the end of April ran to more than 5,600 contracts.

The commission now has options applications pending on soyabeans and maize for the Chicago Board of Trade; live cattle and live hogs at the Chicago Mercantile Exchange; silver on Comex; cotton on the New York Cotton and Citrus Exchange; wheat on the Kansas City Board of Trade and Wheat; and soyabeans on the Mid/America Commodity Exchange.

Meanwhile, the CFTC last Friday gave Nymex high marks for its rule enforcement programme. The commission found that Nymex's programme for conducting market surveillance, which includes regular collection of market data and regular meetings on market development.

It said that the exchange's investigation of possible rule violations and customer complaints, while sometimes too slow, was generally conducted in a "thorough, aggressive and well documented" manner.

The exchange has acquired a computerised system, which significantly enhanced its trade practice surveillance capacity.

The CFTC did, however, complain that Nymex failed to have qualification standards for members who serve on disciplinary committees. As a result a convicted felon was appointed to the exchange's business conduct committee.

Aluminium drops to 12-month low

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM values fell to the lowest level for more than a year on the London Metal Exchange yesterday. The cash price for aluminium dropped by £18 to £888 a tonne, in spite of stocks in the LME warehouses tumbling by 10,975 to 155,050 tonnes—the seventh consecutive weekly decline reducing total holdings to the lowest level since the beginning of 1982.

Other metals also failed to respond to continued large declines in stocks held in the LME warehouses.

Copper stocks, for example, slumped by as much as 18,425 tonnes reducing total holdings to 252,450 tonnes. This is the ninth successive weekly decline and means that LME copper stocks have fallen by over 193,000 tonnes since the five-year peak of nearly 434,000 tonnes reached in January.

Yet the higher grade cash price for copper yesterday closed £4.5 down at £1,010.5 a tonne.

Tin prices also lost ground in spite of stocks last week in the LME warehouses falling by 615 tonnes to 27,915 tonnes—the lowest level since March 1982. Zinc stocks fell by 2,000 to 44,075 tonnes; nickel by 1,014 to 29,394 tonnes; and LME silver holdings by 698,000 to 49,836,000 oz.

The decline in lead stocks continued. Holdings in the LME warehouses fell by 5,925 tonnes—the 12th consecutive weekly fall—to 92,675 tonnes, compared with the peak of over 218,000 tonnes reached last November. Cash lead, however, gained only £4 to £312.5.

● Sydney — Reuter reported that miners at Broken Hill are expected to meet again later this week to consider recommendations by an industrial commission aimed at ending a dispute which has shut down three major silver/lead/zinc mines since March 28, union officials said.

A meeting of 2,500 workers on Sunday was told of progress in the talks but there was no vote on a return to work.

Union officials are expected to meet the Mining Managers' Association before deciding whether to accept the commission's proposals at another meeting, mining sources said.

The New South Wales state industrial commission handed down 19 recommendations last week following nine days of compulsory talks between unions and employers.

Mining sources said that if the unions accept the formula and vote to return to work it is expected to take less than 24 hours to get operations back to normal and less than a week to resume concentrate shipments to the Port Pirie smelter.

Stronger metal prices predicted—before next recession

BY JOHN EDWARDS, COMMODITIES EDITOR

GENERALLY hgher prices for metals, as the recovery in the American economy continues, are forecast in the latest edition of Metal and Economic Trends, issued by Amalgamated Metal Trading.

However, the report warns that the seeds for the next recession have already been sown and that by the end of 1985 the recessionary forces in the U.S. will become overpowering and spread rapidly to the rest of the world.

The report says improvement in demand in most industrialised countries, the strength of the U.S. recovery, and renewed growth in world trade have created conditions in which the business world is now becoming more optimistic.

As a result, in spite of recent setbacks, it expects a rising trend for base metal prices this year extending into 1985.

Copper prices are forecast to average 70 cents a lb, reaching 80 cents by the year-end and averaging 77 cents in 1985.

Lead is predicted to reach 28 cents by the end of the year, averaging 24 cents in 1984 and 27 cents in 1985. Average zinc prices are put at 46 cents this year and 48 cents in 1985.

LME aluminium prices are expected to rise modestly this year to average 68 cents in 1984 and 70 cents next year. Nickel values, however, on the Metal Exchange, are predicted to rise more sharply to a peak of $2.8 a lb by the end of 1984, making an average of $2.25 for the whole year and $2.43 for 1985.

In line with the report's prediction of a fall in the value of the dollar against sterling next year, tin prices are expected to decline from an average of £8,660 a tonne this year to £8,500 next year.

Higher world demand for silver likely

BY JOHN WICKS IN ZURICH

WORLD DEMAND for silver should increase faster than supply in 1984, according to a forecast prepared by Credit Suisse. However, the Zurich Bank says that mined production is likely to set a record this year.

If no strikes take place, Credit Suisse expects mined output to rise by more than 1.2 per cent to some 9,700 tonnes, reflecting the expansion of capacities on the part of certain producer countries.

The bank says that Western-world output has risen by about 20 per cent since 1980, pointing out the importance of foreign-exchange earnings for such major producer countries as Peru or Mexico.

At the same time, secondary recovery is seen as showing a 5 per cent increase to 6,000 tonnes, while sales by monetary authorities will remain at 498 tonnes due to the limitation of the divestment of U.S. strategic reserves.

At the same time, sales by Communist countries are reckoned to drop from 124 to 100 tonnes this year.

The overall 1.3 per cent rise in world supply to an estimated 16,298 tonnes is seen by Credit Suisse as likely to be accompanied by one of 9 per cent, to 12,650 tonnes, in commercial demand.

This is expected to be made up of industrial demand up 8 per cent to 12,000 tonnes and that for silver-coin minting higher by 30.5 per cent—partly the result of the Los Angeles Olympics—to 650 tonnes.

Cocoa values fall back sharply

By Our Commodities Staff

COCOA prices on the London futures market fell back sharply yesterday with the July position ending £54.50 below Friday's close at £1,938 a tonne.

Earlier in the day the price had been pushed to a 3½-month peak of £2,006 a tonne, encouraged by the publication of an International Cocoa Organisation forecast that the 1983/84 world production deficit would reach 112,000 tonnes.

Dealers saw the subsequent decline as an overdue technical shake-out resulting from an over-bought situation. Widespread selling was triggered by the market's failure to extend gains after breaking through the psychological £2,000 a tonne barrier, they said.

● THERE WAS little reaction at the London weekly tea auction yesterday to news over the weekend that India had formally lifted its ban on exports of CTC (crush, tear and curl) teas.

The removal of the ban came as little surprise to London tea brokers, who claimed that the amount of tea exported by India would depend primarily on the size of the crop this year. It is felt that a poor crop would mean a reimposition of the ban on exports by the Indian Government.

As a result, buyers have turned to other sources of supply where possible, but at present quantities available are limited.

The 1984 tea production target has been fixed at 610m kilograms—just 25m kilograms higher than 1983 output.

● THE EGGS Authority has revised its management structure to give more emphasis to marketing. The reorganisation aims for "a more streamlined and cost-efficient organisation."

Community steps up Iberian tariffs

BY IVO DAWNAY IN BRUSSELS

SPANISH AND Portuguese exporters of fruit and vegetables face EEC tariff rises of between 3 and 20 per cent from June 1 following new Community moves to protect Mediterranean farmers.

The decision to markedly strengthen EEC import restrictions came in a majority vote of foreign ministers yesterday when opposition from some northern member states was defeated by a united front of France, Italy and Greece.

An outline of the new regime was first presented last October, but became delayed through a wrangle between ministers over when it should be applied.

Southern EEC countries have long been pressing for stronger tariff walls in anticipation of Spanish and Portuguese accession to the Community. When thetwo Iberian states are admitted, however, the new restrictions will be systematically dismantled.

But there remain arguments over the timing and means by which this dismantlement takes place. The Mediterranean countries are calling for the tariffs to remain in full force for four years, followed by a six-year phase out period.

Others wish to see a smoother and quicker transition to free access.

Yesterday's decision will be greeted with gloom by Madrid and Lisbon. The implications for Spain, whose fruit and vegetables industry represents 60 per cent of agricultural earnings from EEC trade, are particularly serious.

The foreign ministers also agreed yesterday to tough proposals to be put to Portugal on fishing rights after accession — still expected by both countries at the beginning of 1986.

Under the plan accepted by the ministers yesterday, the community will offer Lisbon the right to maintain her exclusive domestic fishing zones. But she will be excluded from fishing popular species in community waters for at least ten years except where special licences are awarded.

More EEC beef for export

BY RICHARD MOONEY

EEC BEEF and veal exports are likely to rise to a record 700,000 tonnes this year, the Meat and Livestock Commission says in its latest market report.

The export total, which was 600,000 tonnes last year and 480,000 tonnes in 1982, is likely to be still higher in 1985, the Commission says.

The established upward trend in community beef production should be boosted as a result of increased cow slaughterings following the imposition of dairy quotas to limit excess milk production, the MLC forecasts.

It puts community beef and veal output in 1984 at 7.2m tonnes, against 6.9m tonnes in 1983, rising to 7.4m tonnes in 1985.

Exports are projected to rise to 700,000 tonnes this year

The MLC report says the pressure on the EEC budget could be a constraint on this scenario, however, as sizeable export refunds will still be needed to make EEC beef competitive on the world market.

Apart from the EEC, Brazil and the U.S. beef shipments by major exporters are expected to be lower and exports are projected to be about 5 per cent down overall.

PRICE CHANGES

In tonnes unless stated otherwise	May 14 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	$1550/1560	....	$1410/448
Copper			
Cash h Grade	£1010.5	—4.5	£1082.25
3 mths	£1028	—3.25	£1095.25
Cash Cathode	£1009	—3.5	£1078.5
3 mths	£1021	—3.5	£1087.25
Gold troy oz.	$373	+0.25	$380.5
Lead Cash	£312.5	+4	£330
3 mths	£318.75	+4	£336.75
Nickel	£4988		£4896
Free Mkt	215/235c	....	217/237c
Palladium oz.	$152.25	—0.75	$158.50
Platinum oz.	$385.00	+1.25	£272.70
Quicksilver†	$300/315	....	$310/316
Silver troy oz.	637.55p	+5.10	642.20p
3 mths	652.00p	+5.00	656.05p
Tin cash	£9060	—80	£8762.5
3 months	£9027.5	—50	£8772.5
Tungsten	$83.61		$77.75
Wolfram22,04lb	$85/89	....	$84/88
Zinc	£696	+5.5	£698.5
3mths	£665.5	—5	£692.25
Producers	$1050/1090	....	$1050/1080

	May 14 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1325w	....	$1325
Groundnut	$1180w	+5	$1165
Linseed Crude	‡		‡
Palm Malayan	$915v	+25	$760
Seeds			
Copra Phil.	‡	+10	$705
Soyabean(U.S.)	$347.5	+5.5	$315.25
Grains			
Barley Fut.Sep.	£106.35	+0.25	£106.88
Maize	£147.00	....	£148.75
Wheat Fut.Jly.	£126.75	+0.15	£128.25
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£2004	—54	£1847
Futures Jly	£1938	—54.5	£1803
Coffee Ft. Jly	£2278.5	—9.5	£2039
Cotton A index	89.25c	+0.1	88.30c
Gas Oil June	$243.75	+1.75	$246.5
Rubber (kilo)	72.5p	—0.75	77p
Sugar (raw)	£105w	+0.5	£113.5
Woolt'ps 64s	476p kilo	....	470pkil

‡ Unquoted. z June. v July. w May-June. x June-July. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Prices opened about a dollar higher and dropped back to unchanged before rumours from the Middle East pushed the market quickly higher. It remained steady through the morning, moving to the highs on a strong New York opening. The market dipped later but moved back to the highs on the close, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.40	+0.02
Iranian Light	27.45-27.60	—
Arab Heavy	26.95-27.05	+0.03
North Sea (Forties)	29.40-29.55	+0.15
North Sea (Brent)	29.45-29.75	+0.1
African(BonnyLi'ht)	29.55-29.85	+0.13

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	272-276	+1
Gas Oil	239-246	+0.5
Heavy fuel oil	187-190	—0.5

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	240.75	+0.25	241.25-239.2
June	243.75	+1.75	244.00-241.2
July	246.00	+1.75	246.00-243.2
Aug	248.50	+2.25	248.50-245.5
Sept	250.50	+1.50	250.50-248.0
Oct	251.75	+1.75	251.00-250.0
Nov	253.25	+0.25	252.00
Dec	254.50	+1.00	253.25-255.0
Jan	257.50	—0.50	—

Turnover: 1,456 (1,155) lots of 100 tonnes.

GOLD MARKETS

Gold rose $½ to $372½-373½ on the London bullion market. It opened at $371-371½ and touched a peak of $373½-374, and a low of $370¾-371¼. The metal was fixed at $371.20 in the morning, and $372.55 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 101,600 per kilo ($372.36 per ounce) in the afternoon, compared with FFr 101,600 ($370.73) in the morning, and FFr 102,100 ($373.29) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at the equivalent of DM 33,255 per kilo ($372.48 per ounce), against DM 33,375 ($374.50), and closed at $372½-372¾ compared with $372½-373.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $371.25 per ounce.

In Zurich gold finished at $373-373½, against $372½-373.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
May	—	—	—
June	375.00-75.10	+0.10	376.80-75.00
Aug	382.00-82.50	+0.50	381.80-81.20
Oct	389.20-89.50	—0.25	—
Dec	397.70-98.10	+0.40	397.00-96.70
Feb.	405.50-06.20	+0.45	—

Turnover: 258 (594) lots of 100 troy ounces.

	May 14		May 11	
Gold Bullion (fine ounce)				
Close	$372¼-373¼	(£268½-269)	$372½-373	(£268¾-269¼)
Opening	$371-371½	(£268¼-268¾)	$373¼-373¾	(£269¼-269¾)
Morning fixing	$371.20	(£268.596)	$373	(£269.314)
Afternoon fixing	$372.55	(£268.505)	$372.50	(£269.011)

Gold and Platinum Coins May 14

Krugrnd	$384½-385¼	(£277-277½)	King Sov	$89¼-91	(£64½-65½)
½ Krug.	$198¼-199	(£142¾-143½)	Victoria Sov	$89½-91	(£64½-65½)
¼ Krug.	$101¼-102	(£73-73½)	French 20s	$71½-73¼	(£51½-52¾)
1/10 Krug.	$41¼-42	(£29¾-30¼)	50 Pesos Mex	$459½-461½	(£331¼-332½)
Mapleleaf	$384¼-385	(£277-277½)	100 Cor.Aust	$361-364	(£260¼-262½)
New Sov.	$87¾-89½	(£63¼-63¾)	$20 Eagles	$586-595	(£421½-428¾)
½ New Sov.	$52¾-53½	(£38-38½)	Noble (Plat.)	$396-400½	(£285¼-288¼)

EUROPEAN MARKETS

Maize—(U.S. $ per tonne): U.S. three yellow May 161, June 158.50, July 160.50, July/Sept 156, Oct/Dec 138 sellers. Argentine Plate afloat cif Ghent 164, May 162, June 161.75, July 163 sellers.

ROTTERDAM, May 14.

Wheat—(U.S. $ per tonne): U.S. two soft red winter mid-June/mid-July 150.50, Aug 148.50, Sept 150.50. U.S. two northern spring 14 per cent protein May 185.50, June 184, July 182, Aug 176, Sept 176.50, Oct 177, Nov 178.50. U.S. three hard amber durum May 187, June 186, July 184, Aug 183, Sept 181, Oct 183, Nov 186. Canadian one western amber durum May 198, mid-May/mid-June 195.50, June 202, Nov 199.

Soyabeans—(U.S. $ per tonne): U.S. two yellow Gulfports afloat 341.50, June 340, July 341.50, Aug 340, Sept 316.75, Oct 285.90, Nov 285.90, Dec 287.20, Jan 290.80, Feb 295.20, Mar 298.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 218, May 218, June 220, June/Sept 222, Nov/Mar 230 sellers. Pellets Brazil afloat 218, May 217, June 217, July 218, Aug 223, Sept 222.50, May/Sept 220, Oct/Dec 229 sellers. Pellets Argentine afloat 217, May 216, June 216, July/Sept 217.50 sellers.

PARIS, May 14

Sugar—(FFr per tonne): Aug 1360-1364, Oct 1431-1434, Dec 1541-1544, March 1690-1700, May 1765-1780, Aug 1835-1855.

Cocoa—(FFr per 100 kg): May 2250-2385, July 2270-2320, Sept 2361-2365, Dec 2241 limit-down, March 2230 ask, May 2240 ask, July 2250 ask.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL prices were mixed on the London Metal Exchange. Cooper advanced to £1,030 following the encouraging fall in warehouse stocks but traded in disappointing fashion during the afternoon to close below the best at £1,028. Nickel rose to £3,518 in relatively active trading reflecting reported chart buying, while similar influences prevailed in Lead which finished at £319. Reported trade support and short covering left Zinc a fraction higher at £685½, but Tin traded quietly and closed at £9,030. Aluminium encountered renewed speculative selling and despite a short-lived rally to £923 immediately following the stocks figure, continued to drift lower and touched £905 before settling at £912.75.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1009.5-10	-8.5	1010-11	-4.5
3 months	1026.5-7.5	-7.5	1027.5-8.5	-3.25
Settlem't	1010	-8.5	—	......
Cathodes				
Cash	1008.5-9.5	-8.5	1008-10	-3.5
3 months	1020-2	-7.5	1020-2	-5.5
Settlem't	1009.5	-8.5	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,010 three months £1,030, 31, 30, 29, 28.5, 28, 27, 26.5. Cathodes: Cash £1,008.5. Kerb: Higher Grade: Three months £1,027, 28, 29, 28.5, 29, 30. Afternoon: Higher Grade: Three months £1,026, 25.5, 26 25.5, 25, 27, 27.5, 28. Kerb: Higher Grade: Three months £1,027, 27.5, 28, 28.5. Turnover: 40,860 tonnes. U.S. Producers: 69-73 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9140-60	+62.5	9095-110	-58
3 months	9062-3	-18	9070-1	-7
Settlem't	9150	+50	—	......
Standard				
Cash	9140-50	+87.5	9050-70	-80
3 months	9062-3	+28.5	9025-30	-50
Settlem't	9150	+90	—	......
Straits E.	$29.15	......	—	......

Tin—Morning: Standard: Cash £9,140, three months £9,070, 61, 62. Kerb: Standard: Three months £9,065. Afternoon: Standard: Three months £9,045, 40 35, 30. High Grade: Three months £9,080, 75, 70. Kerb: Standard: Three months £9,025, 20, 25, 30. High Grade: Three months £9,070. Turnover: 1,930 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	308-.5	-4.25	312-3	+4
3 months	315-6	-5	318.5-9	+4
Settlemt	308.5	-5	—	......

Lead—Morning: Cash £309, 8.5, three months £315, 15.5. Kerb: Three months £315, 15.5, 16, 17. Afternoon: Three months £317, 16.5, 17 18, 19, 18.5. Kerb: Three months £318, 19. Turnover: 17,575 tonnes. U.S. Spot: 25-28

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	691-2	-5.5	695-7	+6.5
3 months	664-5	-10	665-7	-5
Settlem't	692	-5.5	—	......

Zinc—Morning: Cash £687, 89, 90, 91, three months £658, 60, 61, 62, 62.5, 63, 64. Kerb: Three months £663.5, 63, 63.5, 64.. Afternoon: Three months £663 65. Kerb: Three months £665, 66, 67, 68, 67, 66, 65. Turnover: 28,100 tonnes. U.S. Prime Western: 52.75-53.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m Unofficial	+ or —†
	£	£	£	£
Spot	895-6	-17	887.5-8.5	-18
3 months	914.5-5.5	-18	908-9	-17.5

Aluminium—Morning: Three months £919, 18, 17, 18, 16, 15.5, 15. Kerb: Three months £914, 14.5, 14, 15, 14, 13, 14. Afternoon: Three months £908, 07, 06, 05, 06, 07, 08, 09, 10, 10.5, 09, 08, 07, 09, 09. Kerb: Three months £906, 09, 10, 11, 12, 12.5. Turnover: 25,600 tonnes.

NICKEL

Nickel — Morning: Three months £3,515, 10, 13, 10, 11, 12. Kerb: Three months £3,510. Afternoon: Three months £3,510, 15, 10, 12. Kerb: Three months £3,515, 17, 19. Turnover: 2,652 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3435-40	-2.5	3435-40	+5
3 months	3511-2	-1	3511-2	+7

SILVER

LME—Silver (2,000 oz contract): Cash 632.5p (629.5p); three months 647.25p (644p). Turnover: 1 (0).

Turnover: 103 (68) lots of 10,000 ozs. Morning: Large three months 649, 49.5, 52, 51. Kerb: Large three months 651, 52, 53; small three months 650. Afternoon: Large three months 648, 47.

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	637.55p	+5.10	632.5p	+3
3 months	652.00p	+5.00	647.25p	+3.25
6 months	667.40p	+5.90	—	......
12months	698.40p	+5.85	—	......

Silver was fixed 5.1p an ounce higher for spot delivery on the London bullion market yesterday at 637.55p. U.S. cent equivalents of the fixing levels were: spot 883c, up 8c three-month 909c, up 8.4c; six-month 936.6c, up 9.6c and 12-month 993.3c, up 9.5c. The metal opened at 630-633p (870-873c) and closed at 646½-649½p (877-880c).

COCOA

A day of extremes saw the market open steadier than expected but ease sharply during the afternoon session, hitting lows £80 down on the day. At these levels some physical activity was noted with interest from consumers. However, producers remained sidelined, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1900-10	—70.0	1989-07
July	1937-39	—54.5	2008-27
Sept	1940-43	—53.0	2010-27
Dec	1845-47	—59.0	1916-44
March	1810-14	—56.5	1875-15
May	1800-10	—58.5	1870-56
July	1810-12	—42.0	1870-68

Sales: 7,667 (6,287) lots of 10 tonnes.

ICCO Indicator prices—(U.S. cents per pound. Daily prices for May 11: 121.78 (120.01), five-day average fore May 14: 119.80 (119.73).

COFFEE

During an active session prices rallied to fresh contract highs in all positions, reports Drexel Burnham Lambert. The advance attracted commission house selling which, together with a lower New York market, influenced a sharp decline of £40-£50. Profit-taking lifted values again towards the close before further pressure in July restricted he recovery.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2250-60	—1.5	2309-65
July	2270-75	—9.5	2327-70
Sept	2248-44	+1.5	2292-30
Dec	2210-15	+9.5	2253-00
January	2180-85	—10.0	2160-10
March	2010-20	—17.5	2052-20
May	1960-90	—17.5	2020-90

Sales: 6,848 (7,599) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) fob May 11: Comp daily 1979 147.88 (145.70); 15-day average 144.36 (144.13).

GRAINS

Business done—Wheat: May 124.85-4.75, July 126.80-6.60, Sept 107.35-7.50, Nov 110.65-10.40, Jan 113.65-3.25, March 116.85-6.40. Sales: 181 lots of 100 tonnes. Barley: May 119.50-9.00, Sept 106.35-6.00, Nov 109.20-8.95, Jan 111.95-1.80, March 114.85-4.50. Sales: 75 lots of 100 tonnes.

Old crops remained quietly steady against a featureless physical market. New crops eased initially on country hedge selling but improved later on shipper and commission house buying to close at the day's highs, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
May	124.75	+0.05	119.10	+0.40
July	126.75	+0.15	—	—
Sept	107.95	+0.10	106.35	+0.25
Nov	110.65	+0.30	109.40	+0.30
Jan	113.90	+0.40	112.30	+0.30
Mar	116.95	+0.35	115.05	+0.35

LONDON GRAINS—Wheat: English feed fob May 128.50 sellers East Coast. Maize: U.S. No 3 yellow/French May 147 seller East Coast. Barley: English feed fob May 125.50 paid Scotland. Sorghum: U.S./Argentine/French mid May-mid June 138 quoted cif free out. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: N. East 124.40. The UK monetary coefficient for the week beginning Monday May 21 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

PIGMEAT

The continued strength of physicals created a steady tone initially, but later profit-taking found buyers reserved and prices closed on the lows, reports CCST Commodities. table table table table table tablen—

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	119.4	119.3	120.1-119.4
Aug	116.4	116.0	116.7-115.2
Oct	119.8	119.7	—
Nov	120.5	120.5	121.1-120.6
Feb	117.9	117.8	118.0-117.9
April	117.9	117.8	118.0

Sales: 121 (287) lots of 50 carcases, 3,250 kilos.

POTATOES

May was initially easier, but strengthened through the day. Rain forecasts left new crops lower, but doubts about whether the rainfall would be significant fuelled a recovery, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Busines Done
	£ per tonne		
May	262.00	254.40	264.5-250.5
Nov	78.50	79.00	79.00-76.50
Feb	87.60	89.50	89.00
April	101.20	103.50	102.50-98.5
May	109.50	112.00	—

Sales: 658 (824) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened slightly easier, attracted little interest throughout the day and closed easier and inactive, reports Lewis and Peat. Closing prices (buyers): spot 72.50p (73.00p); June 76.00p (77.75p); July 77.00p (78.25p). The Kuala Lumpur June fob price for RSS No 1 was 229.5 (232.0) cents a kg and for SMR 20 was 215.0 (217.0).

FUTURES—Close (buyer, seller, business), RSS No 1. £ per tonne. June 720, 745, nil; July 735, 745, nil; Aug 740, 753, nil; Sept 757, 760, nil; Oct 763, 771, nil; Nov 774, 778, nil; Dec 783, 787, nil; Jan 787, 795, nil; Feb 800, 802, 800; Apr/June 819, 822, nil; Oct/Sept 847, 860, nil. Sales: 14 (56) lots of 5 tonnes.

SOYABEAN MEAL

The market opened unchanged, reports T. G. Roddick. During the afternoon the market eased on light shipper selling pressure.

	Yestday's close	+ or —	Business Done
	£ per tonne		
June	155.50-54.00	—1.00	154.50
August	155.90-54.40	—2.05	155.50
October	156.40-56.50	—2.15	158.50-56.50
Dec	158.50-58.00	—1.75	—
Feb	160.50-62.00	+0.25	—
Apr	160.50-62.00	—0.75	—
June	160.00-62.00	—0.50	—

Sales 52 (9) lots of 100 tonnes. 1 (37) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £105.00 ($145.00), down 75p (down $1.50), a tonne fob. May-June delivery White sugar $158.00, down $2.00.

Scattered trade buying developed which lifted prices from the lows, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	155.80-54.00	155.00-55.20	154.20-51.80
Oct.	164.00-64.20	165.00-65.20	164.20-61.80
Dec	171.80-71.80	179.20-70.40	170.00-69.20
Mar.	180.20-80.40	189.00-89.20	180.60-87.80
May	197.20-96.40	198.80-97.00	195.80-95.80
Aug	206.20-07.40	206.40-07.20	207.00
Oct	214.20-15.00	215.00-17.20	215.00

Sales: No 6 1,936 (2,235) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £210.00 (£211.50) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices to May 11: Daily price (5.33 (5.40); 15-day average 5.68 (5.71).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 50 tonnes. Few contracts of note were secured but here and there useful demand was encountered, chiefly in North American and African styles. The call for Middle Eastern growths was negligible.

JUTE

JUTE—C and f Dundee June/July BWC/BTC $523, BWD/BTD $513; C and f Antwerp BWC/BTC $524, BWD/BTD $514; C and f Dundee May ex-India 40 in 10 oz £20.38, 40 in 7.5 oz £15.45; B Twills £56.74.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 565.0, 566.0, 565.5-564.5 July 578.0, 578.0, 578.0-577.0: Oct 567.0, 572.0, untraded Dec 577.0, 578.0, 577.0 March 585.0, 590.0, u/t May 591.5, 595.0, 593.0; July 595.0, 601.0, 599.0-598.0 Oct 593.0, 597.0, u/t. Sales: 23.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 420 buyer only; 427; Aug 450, 451, 450-448; Oct 451, 452, 450-449; Dec 459, 460, 459-457; Jan 460, 461, 460; March 469, 470, 469-468; May 477, 481, 479-477; Aug 488, 492, 492-489; Oct 489, 496, 492. Sales: 75.

TEA AUCTIONS

LONDON TEA AUCTION—25,219 packages were on offer, including 5,200 packages in the offshore section. There was good and general demand although the small quantity of Assam teas attracted less interest and sold at easier rates with many withdrawals. Bright African pekoe fannings continued to be well supported at fully firm rates but similar dusts were barely steady; good mediums were often 2-4p per kilo dearer; plainer varieties showed an easier tendency. The limited selection of Ceylons on offer met fair demand at firm rates. Offshore teas came to a strong market with prices fully firm to dearer. Quality 300p a kg (300p), medium 268p a kg (264p), low medium 235p a kg (235p).

INDICES

FINANCIAL TIMES

May. 11	May. 10	M'th ago	Year ago
313.34	311.16	306.37	273.15

(Base: July 1 1952=100)

REUTERS

May 14	May 11	M'th ago	Year ago
1987.8	1989.3	2006.2	1807.2

(Base: September 18 1931=100)

MOODY'S

May 11	May 10	M'th ago	Year ago
1066.7	1071.0	1077.6	1058.9

(Base: December 31 1974=100)

DOW JONES

Dow Jones	May 11	May 10	Month ago	Year ago
Spot	138.67	138.58	140.94	144.45
Fut's	138.95	139.13	142.95	149.28

(Base: December 31 1974=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 85.0; English hindquarters 102.5 to 105.0, forequarters 53.0 to 57.5. Veal: Dutch hinds and ends 121.0 to 126.0. Lamb: English small (new season) 100.0 to 100.0, medium (new season) 100.0 to 105.0, heavy (new season) 95.0 to 98.0. Imported: New Zealand PL (new season) 67.5 to 68.5. Pork: English under 100 lb 54.8 to 60.3, 100-120 lb 54.0 to 59.0, 120-160 lb 48.0 to 55.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.52p per kg lw (+1.60). GB—Sheep 208.82p per kg est dcw (−8.15). GB—Pigs 88.44p per kg lw (+8.57).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package unless otherwise stated English produce: Apples—Per pound, Cox's 0.18-0.32, Bramley 0.21-0.30. Pears—Per pound, Conference 0.14-0.26. Potatoes—Whites 5.80-6.40, Edwards 6.40-7.00, Bakers 7.80-9.00. Mushrooms—Per pound, open 0.50-0.70, closed 0.75-0.90. Lettuce—Per tray round 1.00-1.20, Cos dozen 2.20-2.40. Onions—Per 55 lb 9.80-10.50. Beetroots—28 lb round 2.80-3.00, Swedes—28 lb 1.00-1.50. Carrots—28 lb 3.80-4.50. Greens—30 lb Kent 1.20-1.50. Leeks—Per pound 0.16-0.18. Tomatoes—Per pound 0.45-0.50. Cucumbers—Tray 2.50-3.00. Cauliflowers—Kent, dozen 3.40-3.80, Lincoln 2.80-3.20. Spring Onions—Bunch 0.09-0.10. Rhubarb—Outdoor per pound 0.08-0.10. Radishes—Bunched 0.10-0.12. Asparagus—Per pound 0.80-1.60. Celery—4.50-5.50. Courgettes—Isle of Wight, per pound 0.50. Watercress—20's 2.40-2.60, ice pack 20's 3.40-3.50. Salad—Crispa 16's 1.00-1.10.

Imported Produce: Tangors—Jaffa: 6.20-6.80, Topaz—Jaffa: 4.90-5.80. Oranges—Spania: 5.00-5.50; Moroccan: Marco lates 5.00-6.00; Jaffa: Valencia lates 15 kg 56 5.60-, 72 5.20, 88 4.55, 100 4.60, 113 4.85; 20 kg 60 7.60, 75 7.30, 88 6.20, 105 5.40, 123 5.40, 144 6.00; Cyprus approximately 15 kg Valencia lates 3.80-6.00. Lemons—Italian: carton 4.80-4.80; Spania: 5 kg 1.80-2.20; 15 kg 5.20-5.50; Jaffa: 15 kg 5.00-5.80; Outspan: 15 kg 6.50-7.00. Grapefruit—U.S.: Ruby 9.40-10.00; Cyprus: 32 3.80-4.00, 40 3.80-4.20, 48 3.50-3.80, 56 3.80-4.00, 64 3.80-4.00; Jaffa: 20 kg 27 4.80, 32 5.00, 36 5.65, 40 5.65, 48 5.70, 56 5.40, 64 5.30; 15 kg Jaffa Royal 27 4.40, 32 4.60, 36 4.40, 40 4.15, 48 3.50, 56 3.70; Outspan: 32 5.30, 36 5.20, 40 5.00, 48 5.00. Kunquats—Brazilian: box 8.00. Pomelos—Jaffa: 5.20-6.85. Apples—Cape: Golden 8.30-9.50, Starking 8.00-9.25, Granny Smith 8.00-9.00; New Zealand; Cox's 138 13.50, 175 11.50, 198 10.50, Royal Gala 163 10.50, Gala 7.90-9.50, Golden Delicious 7.50, Red Delicious 10.00; French: Golden Delicious carton 4.50-5.80, Starkrimson, carton 6.50-7.00; Italian: per pound, Golden loose 0.13-0.14, Rome Beauty 0.15-0.16; U.S.: Red Delicious carton 10.00-12.00; British Columbian: Red Delicious 10.90-11.75; Chilean; Granny Smith 7.50-8.20, Red 9.00-9.20. Pears—Per pound Italian: Passacrassana 0.16-0.20; Cape: Comice trays 1.20-3.40, boxes 9.00-11.00, Packhams 9.00-10.00, Bosc 8.00-9.00; Chilean: Packhams 42 lb 11.50-12.00. Peaches—Israeli: 24/27 2.50-3.00; Spanish: 59/66 3.00. Strawberries—Punnet Spanish: 0.35-0.40; Italian: 0.35; U.S.: 0.80-0.90. Cherries—U.S.: Per pound, early Burlat 1.80-2.00. Grapes—Cape: Approximately 5 kg Berlinka 5.80-6.00; Chilean: Thompson 9.00-9.50, Almeria 9.00-9.20, Ribier/Red Emperor 7.00-7.20. Melons—Chilean: 15 kg White 10.00-11.00; Spanish: Gala 5.00-6.00.

AMERICAN MARKETS

NEW YORK, May 14

Gold and silver firmed on the strength to currencies along with continued unrest in the Persian Gulf, reports Heinhold Commodities. Copper strengthened in reaction to a large drawdawn in exchange warehouse stocks. Aluminium continued under heavy pressure due to lacklustre demand. Cocoa was under heavy liquidation pressure resulting from an overbought condition which prevented follow-through. Coffee attracted light selling on the lack of cold weather news from Brazil over the weekend. Cotton showed losses as Delta areas dried out allowing planting to resume. Grains were slightly lower on liquidation activity, expectations that a government report would show good planting progress encouraged selling. Soyabeans remained firm, however, on continued tightness in soyabean oil supplies. Heating oil firmed in reaction to stepped-up attacks by Iraq on oil tankers in the vicinity of Kharg Island which could result in higher insurance rates impacting exports.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	58.85	—	—	59.20
June	59.25	—	—	59.60
July	59.80	59.85	59.25	60.10
Sept	60.80	60.75	60.30	61.15
Dec	62.40	62.50	61.95	62.75
Jan	62.85	—	—	63.30
March	64.05	—	—	64.40
May	65.15	—	—	65.50
July	66.25	—	—	66.60
Sept	67.35	—	—	67.70

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	152.50	55.00	52.50	52.88
July	151.36	52.74	50.85	51.74
Sept	147.75	48.35	46.75	47.51
Dec	144.14	44.75	43.90	44.30
March	141.68	42.75	41.75	41.92
May	139.50	41.50	40.25	39.50
July	138.13	39.50	39.00	38.00
Sept	137.25	38.25	37.50	37.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	62.80	62.60	62.60	62.10
June	63.20	—	—	62.50
July	63.85	63.90	63.35	63.15
Sept	65.25	65.25	64.75	64.55
Dec	67.20	67.30	66.70	66.50
Jan	67.85	—	—	67.15
March	69.20	69.05	68.80	68.50
May	70.60	70.70	70.35	69.90
July	72.00	71.70	71.70	71.25
Sept	73.40	73.10	73.10	72.65

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	373.6	373.0	372.5	371.3
June	375.5	376.0	374.3	373.3
July	379.0	—	—	376.8
August	382.6	383.0	381.5	380.4
Oct	390.2	390.0	389.3	388.0
Dec	398.3	399.5	397.5	396.1
Feb	406.6	407.2	405.8	404.4
April	415.0	416.5	414.2	412.8
June	424.0	423.0	423.0	421.8
August	433.3	433.5	432.0	431.1
Oct	442.8	—	—	440.6
Dec	452.6	—	—	405.4
Feb	462.5	—	—	460.3

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	188.50	88.50	87.00	87.45
July	189.25	90.50	87.95	88.95
Sept	188.00	88.90	86.00	87.50
Nov	184.80	85.65	83.80	84.35
Jan	183.45	83.60	81.75	83.00
March	182.40	82.70	81.20	82.00
May	181.90	81.50	81.50	81.50
Sept	181.40	81.00	81.00	81.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	385.0	—	—	383.4
June	388.5	—	—	386.9
July	392.0	393.0	390.0	390.4
Oct	400.2	400.5	398.5	398.6
Jan	408.5	—	—	406.9
April	416.9	416.5	416.0	415.3
July	425.4	—	—	423.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	883.0	895.0	877.0	873.3
June	887.0	—	—	877.5
July	895.5	898.0	887.0	886.0
Sept	913.7	915.0	906.0	904.1
Dec	941.1	942.0	934.0	931.3
Jan	950.9	947.0	947.0	941.0
March	970.4	971.0	961.0	960.4
May	990.4	987.0	986.0	980.3
July	1011.3	1011.5	1006.0	1001.1
Sept	1033.6	—	—	1023.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	5.76	5.79	5.52	5.56
Sept	6.07	6.08	5.83	5.86
Oct	6.31	6.34	6.10	6.13
Jan	6.86	6.76	6.64	6.63
March	7.48	7.48	7.23	7.24
May	7.79	7.80	7.55	7.56
July	8.09	8.10	7.87	7.87
Sept	8.38	8.18	8.18	8.13
Oct	8.58	8.38	8.30	8.33

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	65.85	66.05	65.55	65.87
August	63.52	63.62	63.25	63.42
Oct	62.27	62.42	62.12	62.32
Dec	63.12	63.35	63.10	63.25
Feb	63.67	63.86	63.60	63.70
April	64.30	64.35	64.25	64.37

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	54.05	54.85	54.00	54.82
July	58.05	58.82	58.00	58.70
August	58.17	58.90	58.10	58.70
Oct	56.15	56.57	56.07	56.42
Dec	56.40	56.80	56.36	56.87
Feb	56.75	57.20	56.70	57.10
April	52.20	52.60	52.10	52.65
June	54.95	54.95	54.85	55.00
July	54.55	54.66	54.55	54.27

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	345.2	348.0	344.4	348.4
July	342.6	344.2	342.0	344.4
Sept	314.4	315.6	314.0	316.6
Dec	292.4	294.0	291.6	293.0
March	302.2	303.2	301.0	303.2
May	305.4	306.6	304.0	306.2
July	308.4	309.0	307.4	—

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
May	64.82	65.80	64.55	66.85
July	64.45	65.65	64.30	65.42
August	63.42	64.65	63.35	64.50
Feb	75.65	76.90	75.50	76.70
March	74.70	75.00	74.70	75.90
May	76.40	77.80	76.40	77.40
July	77.62	78.70	77.45	78.70
August	75.10	75.10	75.10	76.30

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	856.4	857.0	844.4	856.4
July	859.4	862.0	848.0	856.0
August	843.0	844.0	832.0	838.2
Sept	776.4	777.0	771.0	772.4
Nov	728.6	729.4	725.0	725.6
Jan	739.4	739.4	734.4	736.0
March	750.4	751.0	746.0	747.0
May	758.4	758.4	754.0	754.4
July	763.0	—	—	758.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	189.1	191.0	188.4	191.3
July	194.9	197.5	193.8	197.2
August	195.7	198.0	195.3	198.0
Sept	192.0	195.0	191.5	194.3
Oct	183.7	185.0	183.5	184.8
Dec	185.4	187.0	184.5	186.6
Jan	186.3	188.0	186.1	188.1
March	189.5	190.5	189.0	190.5
May	191.5	—	—	192.5
July	196.0	—	—	—

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
May	38.85	38.90	37.91	38.30
July	38.35	38.40	37.06	37.44
August	36.98	37.00	35.80	36.10
Sept	34.85	34.85	33.50	33.85
Oct	31.75	31.75	30.70	30.88
Dec	30.10	30.15	29.06	29.38
Jan	29.60	29.80	29.90	28.90
March	29.30	29.30	28.60	28.60
May	28.88	—	—	29.06

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	358.0	359.0	351.4	360.4
July	340.8	341.6	340.2	341.4
Sept	341.2	342.0	340.4	342.0
Dec	355.0	358.4	354.0	356.0
March	364.4	365.4	363.6	365.2
May	367.6	—	—	369.4

SPOT PRICES—Chicago loose lard 32.00 (same) cents per pound. New York tin 584.0-90.0 (same) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Bank rumours hit dollar

The dollar was volatile on the foreign exchanges, discouraging market operators from taking out large positions because of the general mood of uncertainty and keeping trading rather thin. The U.S. currency opened little changed from its Far East and previous New York close, but firmer than Friday's London finish. This reflected the depressed state of the U.S. bond market and expectations that the slight easing of Eurodollar rates was merely technical and likely to be reversed. Concern about the German engineering workers strike, followed by news of a shutdown of four BMW plants, helped to underpin the dollar, as did anticipation that economic statistics released this week will point to continued strong U.S. economic growth.

Central banks were not particularly active in pushing the dollar down, but the currency became very nervous and volatile in late trading as rumours spread that another large U.S. bank is in difficulty. This led to speculation the Federal Reserve may be forced to intervene by injecting large amounts of money into the banking system, thus depressing interest rates and the dollar. Against this nervous background the dollar fell to DM 2.7570 from DM 2.7715; FFr 8.4650 from FFr 8.5150; and SwFr 2.2785 from SwFr 2.2875, but improved to Y231.25 from Y230.25 against the yen on fears about world oil supplies as a result of the war between Iran and Iraq, and suggestions that long yen/D-mark positions will be quickly unwound if the German currency recovers against the dollar.

against the dollar in 1984 is 1.4940 to 1.3850. April average 1.4226. Trade-weighted index 80.1, against 80.0 at noon, the opening and the previous close, and 84.0 six months ago.

Sterling rose 30 points to close at $1.3880, after opening at $1.3810, and the pound was also firm against the yen, rising to Y321 from Y319. It lost ground to Continental currencies however, falling to DM 3.8275 from DM 3.84; FFr 11.7525 from FFr 11.79; and SwFr 3.1650 from SwFr 3.17.

DEUTSCHE MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. April average 2.6435. Trade-weighted index 124.8 against 125.6 six months ago.

The Deutsche Mark was generally firm at the Frankfurt fixing, improving against the dollar, sterling, Swiss franc, Japanese yen, and several members of the EMS. There was no obvious intervention by the Bundesbank on the open market, but the central bank sold $16.85 at the fixing, when the dollar fell to DM 2.7675 from DM 2.7722. A slight easing of Eurodollar rates, and speculation the Bundesbank may raise its Lombard rate, and possibly the discount rate, at this week's council meeting pushed the dollar down, and helped to support the Deutsche Mark. Strikes by German engineering workers kept the market nervous, but had little influence on exchange rates, as sterling eased to DM 3.8280 from DM 3.8310, and the Swiss franc to DM 1.2116 from DM 1.2125.

JAPANESE YEN — Trading range against the dollar in 1984 is 234.80 to 223.10. April average 225.12. Trade-weighted index 158.7 against 153.4 six months ago.

The yen was weak against the dollar in active Tokyo trading, but the Bank of Japan was not seen intervening in the market. The dollar rose to Y231.50 from Y229.80, after touching a high point of Y231.55. High U.S. interest rates remained behind that demand for the dollar, although with the recent U.S. Treasury funding programme complete upward pressure on U.S. rates was expected to abate. A level of Y232 is now considered to be within range, but anything around Y233 may encourage holders of long positions, partly from the proceeds of Swiss franc bond issues, converting dollars into yen. The D-mark showed signs of recovery improving to Y83.33 from Y82.90.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.6536	+1.68	+1.60	±1.5447
Danish Krone	8.14104	8.20136	+0.74	+0.66	±1.6425
German D-Mark	2.24184	2.24035	−0.07	−0.15	±1.0642
French Franc	6.87456	6.88589	+0.16	+0.08	±1.4052
Dutch Guilder	2.52595	2.52131	−0.18	−0.26	±1.4984
Irish Punt	0.72569	0.729246	+0.49	+0.41	±1.6689
Italian Lira	1403.49	1382.06	−1.53	−1.53	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	May 14	Prev. close
Spot	$1.3880-3890	$1.380,-38.10
1 month	0.31-0.34 dis	0.28-0.30 dis
3 months	0.91-0.94 dis	0.92-0.94 dis
12 months	3.74-3.80 dis	3.77-3.28 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

May 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3800-1.3900	1.3875-1.3885	0.32-0.33c dis	−2.81	0.92-0.94dis	−2.68
Canada	1.7875-1.8025	1.7985-1.7995	0.35-0.41c dis	−2.53	1.11-1.18dis	−2.54
Nethlnd	4.28-4.32	4.30½-4.31½	1¼-1c pm	3.31	3⅝-3¼pm	3.13
Belgium	78.05-78.55	78.45-78.55	16-20c dis	−2.75	46-54dis	−2.55
Denmark	14.01-14.05	14.02-14.03	2¾-3½ore dis	−2.30	5¾-6½dis	−1.73
Ireland	1.2436-1.2475	1.2445-1.2455	0.25-0.36p dis	−2.94	0.78-0.95dis	−2.78
W. Ger.	3.81½-3.84½	3.82¾-3.83¾	1¼-1pf pm	3.53	3¼-2⅞pm	3.20
Portugal	192.75-193.75	193.20-193.70	80-260c dis	−10.85	350-890dis	−12.82
Spain	214.10-214.60	214.20-214.40	125-140c dis	−7.42	400-430dis	−7.75
Italy	2357-2365	2360½-2362½	12-15lire dis	−6.86	36-39dis	−6.35
Norway	10.89-10.92	10.90-10.91	3¾-4½ore dis	−4.54	8¼-9¼dis	−3.32
France	11.73-11.79	11.74¾-11.75¾	3-4c dis	−3.57	9¼-10¾dis	−3.40
Sweden	11.22-11.29	11.26½-11.27½	1-1½ore dis	−1.33	3-3½dis	−1.15
Japan	319-322	320½-321½	0.78-0.70y pm	2.77	2.40-2.30pm	2.93
Austria	26.85-27.00	26.85-26.90	5⅞-4⅞gro pm	2.15	16½-11⅞pm	2.11
Switz	3.15-3.18	3.16-3.17	1⅝-1⅛c pm	5.45	4½-4¼pm	5.45

Belgian rate is for convertible francs. Financial franc 79.20-79.30. Six-month forward dollar 1.84-1.87c dis. 12-month 3.74-3.79c dis.

THE DOLLAR SPOT AND FORWARD

May 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3800-1.3900	1.3875-1.3885	0.32-0.32c dis	−2.81	0.92-0.94dis	−2.68
Ireland†	1.1060-1.1160	1.1145-1.1155	0.04c pm-0.02dis	0.11	0.06pm-0.05d	0.02
Canada	1.2930-1.2960	1.2940-1.2945	0.05-0.03c pm	0.37	0.06-0.04pm	0.15
Nethlnd	3.1015-3.1210	3.1015-3.1035	1.58-1.48c pm	5.91	4.55-4.40pm	5.76
Belgium	56.10-56.55	56.12-56.14	par-1½c dis	−0.16	2pm-2dis	—
Denmark	10.08¾-10.16¾	10.08¼-10.08¾	2.00-1.30ore pm	1.96	5.25-4.25pm	1.88
W. Ger	2.7500-2.7800	2.7565-2.7575	1.42-1.37pf pm	6.06	4.04-3.99pm	5.82
Portugal	139.80-140.50	139.90-140.30	40-160c dis	−8.56	160-540dis	−9.99
Spain	154.40-155.30	154.60-154.70	65-75c dis	−5.43	190-215dis	−5.24
Italy	1700-1710	1702-1703	6-6½lire dis	−4.40	16-17dis	−3.87
Norway	7.8400-7.9020	7.8500-7.8550	1.00-1.50ore dis	−1.91	1.15-1.65dis	−0.71
France	8.4550-8.5400	8.4625-8.4675	0.30-0.80c dis	−0.78	1.50-2.25dis	−0.08
Sweden	8.1100-8.1500	8.1100-8.1150	¾-¼ore pm	0.74	2½-2pm	1.11
Japan	230.50-231.80	231.20-231.30	1.08-1.06y pm	5.55	3.23-3.18pm	5.54
Austria	19.36-19.53	19.37-19.38	8½-7½gro pm	4.94	25-23pm	4.94
Switz	2.2760-2.2975	2.2780-2.2790	1.62-1.52c pm	8.25	4.64-4.54pm	8.04

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 57.05-57.15.

OTHER CURRENCIES

May. 14	£	$		£ Note Rates
Argentina Peso	755.52-56.48	39.96-39.98	Austria	26.85-27.15
Australia Dollar	1.5480-1.5500	1.1155-1.1165	Belgium	78.95-79.75
Brazil Cruzeiro	2,061.2-2,072.4	1,485-1,492	Denmark	13.97-14.11
Finland Markka	8.1000-8.1260	5.8300-5.8350	France	11.73-11.85
Greek Drachma	150.10-150.50	108.30-108.40	Germany	3.82-3.87
Hong Kong Dollar	10.84-10.86	7.8165-7.8185	Italy	2330-2360

CURRENCY MOVEMENTS

May. 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	80.1	−10.5
U.S. dollar	151.7	+19.7
Canadian dollar	88.9	−3.1
Austrian schilling	115.0	+3.4
Belgian franc	89.7	−11.3

CURRENCY RATES

May 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.750554	0.586081
U.S. $	9	1.03833	0.812016
Canadian $	11.72	*	1.05081
Austria Sch.	4½	20.2630	15.7612
Belgian Fr	11	58.3827	45.6536
Danish Kr.	7	10.5494	8.20136

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	6⅞-7	10⅛-10⅜	9¼-9¾	5⅝-5⅞	2-2⅛	6⅛-6⅜	11⅛-11⅝	14¾-15¾	10½-11	10¾-11¼	5⅜-5½	9¼-9¾
7 days' notice	7⅛-7¼	10⅛-10⅜	10-10½	5⅝-5⅞	2¼-2⅜	5⅜-5½	11⅝-11⅞	14⅞-15⅞	11-11½	11½-11¾	5⅜-5⅝	10¼-10¾
Month	8⅛-8¼	11⅛-11⅜	10⅝-11⅞	5⅞-6	3⅛-3⅛	5⅝-5¾	11⅞-12⅛	16⅛-15⅝	11¼-11¾	11⅝-11⅞	6⅛-6⅜	10⅝-10⅞
Three months	9⅜-9⅝	11⅜-12⅛	11⅝-11⅞	6⅛-6⅜	3⅜-3⅝	6-6⅛	12½-12¾	15⅝-16⅛	12-12½	12-12¼	6⅜-6⅝	10¾-11¼
Six months	9⅝-9¾	12⅛-12⅜	12⅛-12⅜	6⅜-6⅝	4⅛-4¼	6¼-6⅜	13⅜-13⅝	16⅛-16½	12¼-12¾	12-12¼	6⅜-6⅝	10⅞-11⅜
One year	10⅛-10⅜	12⅞-13⅛	12¾-13	6⅝-6⅞	4⅜-4⅝	6½-6⅝	14⅛-14⅜	17⅛-17⅝	12¾-13¼	12⅛-12⅜	6⅜-6⅝	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 10[11/16]-10[15/16] per cent; seven days 10[15/16]-11[3/16] per cent; one month 11[5/16]-11[7/16] per cent; three months 12-12⅛ per cent; six months 12⅜-12½ per cent; one year 12[13/16]-13[1/16] per cent. Long-term Eurodollars two years 13⅜-13⅝ per cent; three years 13½-13¾ per cent; four years 13¾-14 per cent; five years 14-14¼ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

MONEY MARKETS

London rates easier

Interest rates had a slightly easier tone on the London money market yesterday, but discount houses remained nervous of another rise in clearing bank base rates in the near future and were reluctant to pay the going rate for overnight money before the Bank of England intervened to relieve the relatively small market shortage.

Overnight money in the interbank market was around 6½-7 per cent for much of the day, but fell to a low of 2-3 per cent despite the fact that the authorities may not have provided quite enough help. Discount houses preferred to wait for the intervention of the Bank of England, and sell their longer dated paper on the fear of higher interest rates.

In the interbank market three-month money fell to 9[13/16] per cent from 9⅞ per cent, while discount houses paid 9 per cent for three-month eligible bank bills compared with 9-9[1/16] per cent.

The easier tone was encouraged by lower Eurodollar interest rates, although the general trend in U.S. rates has been influenced by the recent Treasury auctions.

The Bank of England forecast a money market shortage of £100m, which was revised to £150m at noon, and to £200m later in the day. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £332m, while Exchequer transactions absorbed another £25m. These outweighed a fall in the note circulation of £240m.

Total help provided by the authorities was £187m, all through outright purchases of band 4 (64-91 days maturity) bills.

Before lunch the Bank of England purchased £13m local authority bills and £119m bank bills at 8⅞ per cent, and in the afternoon £3m local authority bills and £52m bank bills at the same rate.

In Frankfurt call money was steady at 5.55 per cent, but there were signs of slight upward pressure on domestic interest rates ahead of Thursday's meeting of the Bundesbank council. The recent weakness of the D-mark against the dollar has prompted speculation the central bank council may raise its Lombard rate from the present level of 5.50 per cent. This was thought to be behind increased use of the Lombard borrowing facility by banks ahead of the weekend. Friday's Lombard debt was DM 13.6bn, compared with DM 6.4bn on Thursday.

UK clearing banks' base lending rate 9-9¼ per cent (since May 10 and 11)

MONEY RATES

May 14	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	11⅛	1¾-2¾	5½-5⅝	5.71875	16½-16⅞	8.35	10½-11
One month	5.8-5.9	11[13/16]-12[1/16]	3[1/16]-3[3/16]	5[13/16]-6	6.09375	16½-16⅞	11⅝-11⅞	12⅜-12⅝
Two months	5.90-6.05	12-12⅛	—	—	—	—	—	12½-12¾
Three months	6.0-6.2	12[1/16]-12[3/16]	3⅜-3[13/16]	6¼-6⅜	6.21875	16¾-17⅛	12¼	12⅝-12⅞
Six months	6.2-6.4	12¼-12⅜	—	6[1/16]-6[3/16]	—	—	12¼	12⅞-13⅛
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¾	—	5⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. May 14)

3 months U.S. dollars

bid 11 7/8	offer 12

6 months U.S. dollars

bid 12 1/4	offer 12 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

FINANCIAL FUTURES

Eurodollars fall

The London International Financial Futures Exchange continued to take its tone from the U.S. markets. The U.S. bond market was weak on Friday, but there was something of a recovering on bear covering, and the last trend on Friday was to buy. This encouraged a reasonably good start for the Eurodolar contract on Liffe, which opened above the previous equivalent Chicago close, and was also helped by a slight decline in Eurodollar cash rates following an end to the disappointing series of U.S. Treasury auctions.

After opening at 88.15 for June delivery three-month Eurodollars touched a peak of 8.24 as the U.S. market tried to open firmer. But the bond market was again weak, and the June Eurodollar fell to a low of 88.02, before showing a slight late recovery, closing at 88.08, compared with 88.22 on Friday.

Long-term gilts for June delivery opened almost unchanged at 104-07, in line with the lack of movement in the cash market, and reflecting growing optimism that London clearing bank base rates may avoid another increase. It touched a high point of 104-06 as sterling improved against the dollar on the foreign exchanges, but then fell to 103-29 on the depressed opening to the U.S. bond market. There was a good recovery however on optimism that London may not suffer too much from the present conditions in New York, and the contract closed at 104-10, compared with 104-06 previously.

Three-month sterling deposits for June touched a peak of 90.68 on hopes that base rates may remain at the present level, and closed little changed on the day at 90.60, against the previous settlement of 90.61.

The June stock index price opened weak on the fall of Wall Street on Friday, and the weakness of the Japanese equity market, but recovered to close at 106.65, compared with 105.80, and tended to move ahead of the cash market.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Latest	High	Low	Prev
June	88.08	88.24	88.02	88.22
Sept	87.39	87.54	87.35	87.55
Dec	86.93	87.10	86.93	87.11
March	86.57	86.75	86.57	86.76
June	86.25	—	—	86.44

Volume: 6,408 (12,959)
Previous day's open int. 14,294 (14,594)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Latest	High	Low	Prev
June	90.60	90.68	90.58	90.61
Sept	90.11	90.19	90.07	90.15
Dec	89.64	89.78	89.64	89.73
March*	89.28	89.33	89.28	89.34
June*	88.89	—	—	88.95

Volume: 1,009 (1,431)
Previous day's open int. 8,117 (8,177)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Latest	High	Low	Prev
June	104-10	104-16	103-29	104-06
Sept	103-24	103-24	103-23	103-19
Dec	103-07	—	—	103-00
March	102-27	—	—	102-18
June	102-17	—	—	102-04

Volume: 2,013 (4,862)
Previous day's open int. 6,415 (6,528)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 16 to 24 (32nds).

STERLING £25,000 $ per £

	Latest	High	Low	Prev
June	1.3910	1.3930	1.3830	1.3875
Sept	1.4000	1.4000	1.3922	1.3965
Dec	1.4090	1.4090	1.4090	1.4055

Volume: 1,093 (496)
Previous day's open int. 2,915 (2,883)

DEUTSCHE MARKS DM 125,000 $ per DM

	Latest	High	Low	Prev
June	0.3644	0.3647	0.3619	0.3623
Sept	0.3697	—	—	0.3676

Volume: 31 (61)
Previous day's open int. 442 (448)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Latest	High	Low	Prev
June	0.4408	0.4409	0.4388	0.4397
Sept	0.4499	0.4499	0.4480	0.4498

Volume: 291 (5)
Previous day's open int. 1,590 (1,590)

JAPANESE YEN Y12.5m $ per Y100

	Latest	High	Low	Prev
June	0.4342	0.4350	0.4336	0.4352
Sept	0.4404	—	—	0.4424

Volume: 11 (18)
Previous day's open int. 394 (383)

FT-SE 100 INDEX £25 per full index point

	Latest	High	Low	Prev
June	106.65	107.20	105.50	105.80
Sept	107.45	107.70	107.45	106.65
Dec	108.65	—	—	107.80

Volume: 1,085 (1,246)
Previous day's open int. 530 (481)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nd of 100%

	Latest	High	Low	Prev
June	61-06	62-04	60-23	61-14
Sept	60-19	61-18	60-04	60-26
Dec	60-06	61-01	59-21	60-14
March	59-30	60-24	59-19	60-07
June	59-28	60-17	59-15	60-03
Sept	59-24	60-13	59-12	60-00
Dec	59-20	60-06	59-10	59-30
March	59-19	59-20	59-09	59-29

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	89.54	89.63	89.49	89.51
Sept	88.79	88.91	88.76	88.80
Dec	88.40	88.50	88.38	88.40
March	88.03	88.23	88.09	88.10
June	87.85	87.93	87.85	87.83
Sept	87.64	87.70	87.63	87.61
Dec	87.45	87.49	87.45	87.41
March	87.26	87.29	87.26	87.22

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	88.21	88.40	88.16	88.17
Sept	87.47	87.67	87.44	87.48
Dec	87.06	87.21	87.02	87.04
March	86.69	86.82	86.66	86.67

THREE-MONTH EURODOLLAR (IMM)

	Latest	High	Low	Prev
June	87.76	87.89	87.72	87.71
Sept	87.02	87.20	87.00	87.00
Dec	86.57	86.73	86.57	86.55
March	86.22	86.35	86.21	86.18
June	85.93	86.00	85.93	85.86

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.3910	1.3935	1.3885	1.3840
Sept	1.4015	1.4035	1.3975	1.3930
Dec	1.4100	1.4130	1.4035	1.4020
March	1.4160	1.4230	1.4160	1.4110

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	66-01	66-13	65-21	66-02
Sept	65-00	65-13	64-19	65-00
Dec	64-02	64-15	63-25	64-04
March	63-09	63-23	63-02	63-12
June	—	—	—	62-24
Sept	—	—	—	62-08
Dec	61-25	61-25	61-25	61-27

Announcements

MR. JOHN THOMLINSON has retired as senior partner of Durrant Piesse but remains associated with the firm as a consultant. Mr. Thomlinson's successor as senior partner is Mr. Alan Parsons.

Art Galleries

COLNAGHI, 14, Old Bond St., London, W1. 01-491 7408. Exhibition of ENGLISH DRAWINGS AND WATER-COLOURS. Until 25 May. Mon.-Fri. 10-6, Sat. 10-1.

WORLD VALUE OF THE POUND

INTERNATIONAL CAPITAL MARKETS

Moët-Hennessy

At its meeting of 25 April 1984, the Board of Directors of Moet Hennessy S.A. approved its financial statements for the year ended 31 December 1983. Net income for the year came to 101,499,000 francs.

It is planned to propose to the Annual General Meeting of stockholders, to be held on 22 June 1984, to declare a dividend of 20 francs per share. After inclusion of prepaid tax (tax credit of 10 francs) this will represent a global income of 30 francs, up 11.1% on the previous year. However, in the capital, stock has been increased by 12.5% by cash offer and by 1.7% following conversion of bonds into shares.

An interim dividend of 8 francs having already been paid on 6 February 1984, a further dividend of 12 francs (plus tax credit of 6 francs) will be made payable at the beginning of July.

CONSOLIDATED RESULTS OF THE MOET HENNESSY GROUP
(francs million)

	1983	1982	%
Net sales	5,741.0	4,587.8	+21.1
Operating profit	845.7	727.5	+16.2
Net income	401.8	339.0	+18.5
Cash flow	543.6	453.8	+19.8

Operating results, though showing a marked improvement on the previous year, were nevertheless affected by the consequences of years of shortages in the Champagne region, necessitating restrictions on shipments and a material rise in production costs due to high grape prices in the poor harvest years. Furthermore, the Group also incurred the costs of reorganising Armstrong Nurseries in the USA during the past year.

CHAMPAGNE AND WINES
This division reported sales of 2,639 million francs in 1983, against 2,176 million in 1982, with an operating profit of 426 million francs and net income of 200 million francs.

COGNAC AND SPIRITS
Cognac division's sales totalled 1,588 million francs, against 1,220 million francs in 1982. Operating profit and net income came to 308 million francs and 156 million francs respectively.

The volume of shipments increased 6% in 1983.

PERFUMES AND BEAUTY PRODUCTS
This division achieved further substantial sales growth of 18.75% to 1,413 million francs.
The division reported an operating profit of 185 million francs and net income of 88 million francs.
It is further worth noting that Group interest charges now represent only 4.7% of sales compared with 5.3% in 1982.

OTHER LINES OF BUSINESS
Armstrong Nurseries reported sales of 100 million francs, less than for the previous year, it was not consolidated in the financial statements of Moet Hennessy. This company, which is currently in the throes of reorganisation, suffered an operating loss of 39 million francs.

OUTLOOK
Provisional consolidated sales figures for the first quarter, on 31 March 1984, are up 29% with all divisions contributing to the increase.

Ambitious German new-issue calendar

By Peter Montagnon, Euromarkets Correspondent, in London

D-MARK NEW ISSUES CALENDAR

Date	Borrower	Amount DM(m)	Lead Manager
May 17	World Bank*	150	West LB
23	Council of Europe Resettlement Fund	150	BHF-Bank
28	South Africa Post Office	150	BHF-Bank
29	Österreichische Kontrollbank*	100	Bayerische Landesbank
29	Matsushita Electric Trading Co.*	50	Deutsche Bank
30	Security Pacific*	60	Commerzbank
June 1	Sociétés de Developpement Regional	100	BHF-Bank
4	Société Luxembourgeoise de Centrales Nucleaires	100	Dresdner Bank
5	European Coal and Steel Cmty.*	100	Commerzbank
6	Citicorp	150	Deutsche Bank

Next Meeting June 8
* *Private placement*

LEADING West German banks agreed on a heavy calendar of DM 1.1bn worth of new bond issues and private placements by foreigners, to be launched between now and the end of the first week in June.

The calendar, which was set at yesterday's meeting of the German Capital Markets sub-committee, came as a surprise to a market which was depressed by the rising trend of U.S. interest rates. Several bankers said coupons on foreign issues in the German market would have to rise if the DM 1.1bn was to be absorbed.

West LB is to begin the new calendar with a DM 150m private placement for the World Bank on Thursday. Bankers said the terms of this issue and its progress through the market would offer a good clue as to how the rest of the calendar would be absorbed. One positive factor is that the names on the calendar are all popular with bond market investors and, unusually, many are to launch private placements in relatively small amounts.

There has been little actual selling pressure on the D-Mark foreign bond market in recent days, but foreign investors, on whom this sector of the market relies, have all but stopped their purchases amid fears that the weakness of the D-Mark may force the Bundesbank to push up interest rates around the end of the month.

Domestic investors show little interest in foreign issues, which at the moment yield up to a full percentage point less than German government bonds. Foreign issues fell by up to ½ point in thin trading yesterday.

Other main bond markets were also depressed by the gloomy outlook on Wall Street. Only one floating rate issue was launched yesterday in the dollar sector. One convertible, for Nippon Shinpan, was temporarily postponed because of market conditions.

Kone Corporation, the Finnish elevator company, is raising $50m through a 10-year FRN with a margin of ¼ per cent over six-month Libor (London interbank offered rate for Eurodollars). The bond is led by Kansallis Osake Pankki.

In Switzerland the SwFr 100m, 10-year issue for Manitoba has been awarded a 5¾ per cent coupon and issue price of 99½ per cent by lead manager UBS. The yield of 5.817 is well above initial indications of 5.625 per cent.

BHF Bank bond average

May 14		Previous
98.971		99.069
High	1984	Low
100.009		98.056

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 36

Stock	Sales (Hnds)	High	Low	Last	Chng
SiliconS	1289	25	23¾	24⅝	+1⅞
SlicVal	10	22½	22½	22½	
Silicnx s	31	14½	14¼	14¼	-¼
Siltec	33	10¼	9¾	9¾	-½
Smpln .80	11	14½	14¼	14½	
SippOcn	42	12⅝	12½	12½	-⅛
SisCp	1	7	7	7	-¼
Sizzler s	256	12½	12¼	12½	+¼
Skipper .08	8	10¾	10½	10⅝	+¼
SloanTc	5	4	4	4	-⅛
SmithL	348	7¼	7	7⅛	-⅛
Society 1.70	205	30½	29½	29½	-½
SoctySv	116	12⅛	12	12⅛	+⅛
Softch s	15	8⅜	8⅛	8⅜	+¼
SoonrFd	194	28¼	24¼	24¼	-4¼
StndFn .52	131	24½	23½	23¾	-¾
Sovrgn .10	88	7	6¾	6⅞	
Sovran 1.50	214	30	29⅝	29¾	+⅛
SpcMic	83	3½	3½	3½	
SpanA	1	4¼	4¼	4¼	-½
Specd s	35	10¾	10¼	10¼	-¼
SpecCtl .05	65	7½	7⅛	7⅛	
StafBld .20	8	9⅝	9⅝	9⅝	
Standyn 1.80	58	48¼	47½	47½	-¾
StdMic s	199	20¼	19⅝	19⅝	-⅝
Standn s	7	7¼	7¼	7¼	-¼
StateGp .15b	11	7⅜	7	7⅜	
Steiger	50	9⅝	9⅝	9⅝	+¼
SternrL	24	4⅛	3⅞	4⅛	+⅛
Stratus	55	12	11¾	11¾	
StrawCl .80b	12	74½	73½	73½	-⅛
Stryker	7	24	23½	24	+½
StuartH .05	11	5¼	5⅜	5⅜	
Subaru 1.24	104	85¼	84½	84½	-1
Summa	41	4⅜	4¼	4¼	-⅛
SumtH .02e	143	7¼	7	7¼	+⅛
SurvSL s	91	21½	19¾	20¼	-1¼
SupSky	7	10	9¾	10	+¼
SuprEq	10	6½	6½	6½	
Swain s	94	8	7½	7½	
Sykes	137	3½	3¼	3¼	-¼
SymbT	39	10⅛	9¾	9¾	-¼
Syncor	10	6	6	6	-¼
Syntech	183	9	8¾	9	+¼
Syntrex	83	7⅛	7	7	-⅛
Syscon .24	6	15¼	14⅝	14⅝	-⅝
SyAsoc	125	15⅞	15	15	
Systin	1	9¼	9¼	9¼	+¼
SystGn s	25	8¼	8¼	8¼	-⅛
Systmt s .01i	28	16	15½	15¾	
SCT Cp	162	24½	24	24	-1
T—T					
TCA Cb .12	2	13	13	13	+⅛
Tambrd 3	363	52¾	52	52¼	-⅛
Tandem	2943	22⅛	21⅞	21⅞	-½
Tandon	1633	9⅝	9⅝	9¾	
TcCom	8	11⅞	11⅞	11⅞	-¼
TlcmA s t	84	17½	17¼	17¼	
TelPlu s	398	8⅞	8½	8⅝	-⅛
Telecrd .28	60	18	17½	17½	-¼
Telepict	388	15½	15	15½	+⅜
Telvid	265	9½	9	9	-¼
Telabs s	28	21	20½	20½	-¼
Telxon .01e	22	10¼	10¼	10¼	-½
TndrLv	20	6¾	6½	6¾	+⅛
TermD s	21	13¼	12¾	12¾	-⅛
Tesdata	14	5½	5½	5¾	+⅛
TexFd t	30	37¾	37½	37¾	+¼
Textne .25e	79	16½	16¼	16⅜	+⅛
ThdNt s	11	36	36	36	-⅛
Thortec	78	5¼	4⅞	5	-⅛
ThouTr	501	28¼	28⅜	28⅝	-½
TmeFib	116	10⅝	10⅜	10⅝	
Tiprary t	35	5⅛	4⅞	5	
Tocom 8	2	3-16	2⅛	2⅛	
TrakAu	25	14¼	13½	14¼	
TWstEx	24	1	5-16	1	
TriadSy	16	12¾	12½	12½	-½
TrusJo .36	2	25	25	25	+½
TBkGa s .80	44	29¼	29⅛	29¼	
TuckDr	45	7⅜	7½	7¾	+⅛
TwnCty	30	3	2⅞	3	
U—U					
UTL s	275	17¼	16½	17	+¼
Ultrsy .06e	101	15¾	15¼	15¾	
Ungmn	374	14½	14	14½	-¼
Unifi	232	10½	10	10¼	-¼
Uniol s	224	4⅛	4	4⅛	+⅛
UnPlntrs .60	52	25¾	25¼	25¾	
UACom .10	195	22¼	21¾	22¼	+¼
UBColo 1	340	19⅛	18⅜	18¾	-⅜
UnEdS	29	6⅞	6⅛	6⅞	+⅜
UFnGrp	142	7	6⅞	6⅞	-½
UFstFd	580	20	19½	19⅝	-⅛
UGrdn t	85	7⅞	7½	7⅞	-⅛
UPres s	43	11½	11¼	11¼	+⅛
UnSvcL 1	52	28½	28⅛	28⅛	
US Ant	8	5⅞	5¼	5¼	
US Bcp 1	79	20¾	20⅛	20⅛	-⅛
US Cap	8	5⅞	5¼	5⅞	+⅛
US Ht s	460	27¼	26¾	26⅞	-¼
US Sh n .09e	3	5¼	5	5¼	
US Sur	311	14¾	14½	14⅝	
US Trck 1.20	131	10⅝	10⅛	10½	+⅛
US Tr 1.60	29	39	38¼	38¼	
UnTelev	20	14½	14⅛	14½	+⅛
UVaBs s 1.44	43	25⅞	25⅛	25¼	-⅛
UnvHld	100	4⅞	4½	4½	-⅛
UnvHlt s	500	13¾	13½	13¾	-½
UrgeC s	68	6	5¾	5¾	-¼
V—V					
VLI	92	8¼	8	8¼	
VLSI	13	14½	14¼	14¼	-½
VSE .12e	53	8¼	7½	7½	-¼
ValidLg	152	12⅞	12¾	12¾	
ValFSL	50	12½	12⅛	12¼	-¼
ValNtl 1.16	482	24¼	23¾	24	-⅜
ValLine .30e	2174	33	32¼	32¾	-¼
Vanzetti	2	13	12½	12½	
VectorG	49	1½	1⅜	1⅜	-⅛
Ventrex	129	8	7½	7½	-½
Veta	104	1⅛	1	1⅛	
Vicorp s .05i	134	18⅞	18½	18½	
VictraS	44	6⅜	6¼	6¼	-⅛
VideoCp	4	13¼	13¼	13¼	-⅛
VisTech	12	12½	12½	12½	-½
Vodavi	131	7¾	7¼	7½	-⅛
Voltinf	67	20¼	19¾	20¼	
W—W					
WD 40 .88	8	21	20⅝	21	+½
WiksTel	57	6⅞	6⅝	6⅝	-⅛
WshE 1.68	42	15⅝	15⅛	15⅛	-¼
WFSL s .70	62	15¾	15¼	15¼	-½
WMSB	65	9⅜	9⅛	9⅜	
Wavetk	32	9½	9	9½	+⅛
Webb s .48	1	15	15	15	-⅛
WnCasS 2.84	52	45	44½	44½	-¼
WmorC .40e	70	23¾	23	23	-¼
Wettra .80	86	18½	18⅛	18⅛	-⅛
Wicat	186	3⅞	3½	3½	+⅛
Widcom	24	10	9¾	9¾	-⅛
Wilmt 1.60	231	28	27¾	27¾	+¼
WillAL	125	9⅝	9½	9½	
WmsSn	22	11¼	11¼	11¼	-¼
WilsnF	132	9½	9	9¼	-¼
WilsnH .20	3	13	13	13	-¼
Wndmr s .07	126	7¼	7⅛	7¼	+⅛
WinnEn	30	4½	4½	4½	
Winner	36	8¾	6½	6½	-¼
WiserO .88	64	24¾	24½	24½	
WoodD .60	17	14¼	14	14¼	-¼
WoodL s 1.40	175	57½	57	57½	+½
Worthg .56	74	20⅞	20½	20⅝	-⅛
Writer .15e	4	8½	7¾	7¾	-⅛
Wyman .80	42	28½	27¾	27¾	-¾
X—Y—Z					
Xebec s	139	11½	11¼	11¼	-¼
Xicor	550	14¾	13⅞	14⅜	-⅜
Xidex s	79	17¼	17	17	-¼
YlowFt .92	1183	26⅜	25¾	26	-½
ZenLbB	72	16¾	16¼	16½	-½
Zentec	5	6	5¾	6	
Ziyad	2	10¾	10¾	10¾	
Zondvn .30	39	13½	13⅛	13⅛	-⅜
Zymos	70	4⅜	4¼	4¼	-⅛
Zytrex	542	6⅛	5⅝	5¾	-⅜

FINANCIAL TIMES INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 14.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	90⅛	90⅝	-0⅛	-4	13.53
American Savings 12 89	125	95¼	95¾	-1½	-3¾	13.29
Australia Comm 11¼ 90	100	96½	96⅞	0	-1¼	12.06
Australia Comm 11½ 95	300	89½	90	-0⅛	-2	13.26
Australia Comm 11⅞ 98	100	88⅞	89⅜	-0¼	-2⅛	13.33
Australian Ind Dev 11 89	75	†92¼	92¾	+0⅛	-1⅛	13.23
Bank Of Tokyo 11⅜ 90	100	90⅜	90⅞	-0⅛	-4	14.11
Beneficial O/S Fin 12 91	100	90¾	91¼	0	-2⅛	14.12
Canada 10⅞ 88	500	94⅛	94⅝	-0½	-1⅞	12.55
Citicorp O/S 11¾ 88	100	94⅞	95⅛	0	-2	12.52
D N C 11⅞ 91 WW	50	†91	91½	0	-1⅛	13.79
D N.C. 11¾ 91 XW	50	†88	88½	-1⅛	-2⅛	14.05
Denmark Kingdom 12 91	100	91½	92	+0⅛	-2¼	13.92
Denmark Kingdom 12¼ 93	100	90⅝	91⅛	-0¼	-4½	14.00
Digital Equip 11⅜ 89	150	93¼	93¾	-0⅝	-2⅞	13.04
Dutch Mines 11⅞ 91	150	†89¼	89¾	-0½	-2⅛	13.82
E D C. 11⅛ 89	150	91⅜	91⅞	-0⅝	-2⅛	13.59
E E C 12 93	50	92⅞	93⅜	-0½	-2¾	13.32
E I.B. 11½ 90	200	90⅜	90⅞	-0¼	-2	13.71
Eksportfinans 11½ 90	100	89¾	90¼	-0⅜	-2⅛	13.89
Eurofima 12½ 91	100	92⅞	93⅜	-0⅝	-4	14.11
Gen Elec Credit 11 91 WW	200	90⅝	91⅛	-0⅛	-1⅛	13.09
GMAC O/S Fin 11⅞ 90	100	92⅛	92⅝	0	-3	13.17
Gulf & Western 12⅛ 89	100	94⅜	94⅞	-1⅛	-3	13.69
I I I 12 89	100	93¼	93¾	+0⅛	-2¼	13.88
Indust Bk Japan 11½ 89	125	93⅛	93⅝	+0⅛	-1¼	13.39
Indust Bk Japan 11⅞ 91	100	89⅜	89⅞	-0½	-4¼	14.06
Int Paper O/S Fin 12 91	75	95½	96	+0⅛	-1⅜	12.95
ITT Finance 11½ 89 WW	125	95⅜	95⅞	-0⅛	-1⅛	12.47
L.T.C.B. 11⅞ 89	100	91⅝	92⅛	-0⅛	-2⅜	14.27
Macy O/S 11¾ 91	100	93	93¼	+0⅜	-1⅝	13.33
Mitsui Trust Fin 12 91	100	92⅛	92⅝	-0⅜	-1⅜	13.77
Montreal, City 12½ 91	70	94¾	95¼	-0⅛	-2¾	13.85
Morgan Guaranty 12¼ 89	150	95⅝	96⅛	+0⅛	-0⅝	13.43
Ned Gasunie 11⅛ 91	75	90⅞	91⅜	0	-2	13.28
Newfoundland Prov 13 91	75	100⅛	100⅝	—	—	12.90
Nippon Credit 11⅞ 90	100	90⅛	90⅝	-0⅛	-3⅞	14.19
Nippon Tele 11⅝ 90	100	91⅞	92⅜	0	-3⅛	13.39
Nova Scotia Pro 11¾ 91	100	91½	92	-0⅛	-3⅛	13.67
Ontario Hydro 11⅝ 94	200	89⅞	90⅜	+0⅛	-2⅛	13.43
P.K. Banken 12 90 WW	75	91	91½	-0¼	-2⅛	14.09
Prudential 10⅞ 93 XW	150	†80¾	81¼	-0½	-2⅜	13.78
Quebec Hydro 11½ 92	100	†91½	92	-0¼	-2⅞	13.13
Quebec Province 12¼ 94	150	95	95½	-0¼	-2⅛	13.11
Royal Bk of Can 11½ 89	100	92	92½	+0⅛	-2⅛	13.78
Rural & Ind Bk 12 91	50	93½	93⅞	0	-1⅜	13.52
Sears O/S Fin 11½ 88	125	93½	94	-0⅜	-4⅛	13.37
Sears O/S Fin 11⅝ 91	150	91⅝	92⅛	-1⅛	-2½	13.51
Sec Pac O/S Fin 11⅝ 89	75	†90	90½	+1	-2	14.56
Sec Pac O/S Fin 12 92	100	92⅞	93⅜	0	-1⅜	13.45
S.E.K. 11½ 89	100	92	92½	0	-1¼	13.88
Shearson/Amex 12⅛ 94	100	92¼	92¾	+0⅛	-1⅜	13.53
Sumitomo Fin 12¾ 91	150	93	93½	—	—	14.34
Sweden Kingdom 12⅜ 89	200	94⅞	95⅜	-0¼	-2	13.79
Texas Insts Int 11⅞ 91	150	90½	91	-0⅛	-3⅛	14.04
Tokai Asia 12¼ 91	100	91¾	92¼	0	-2⅞	14.13
World Bank 11¼ 90	200	90¼	90¾	0	-1⅞	13.51
World Bank 11⅝ 89	200	92⅝	93⅛	-0⅛	-2⅛	13.47
Yasuda Tst&Fin 12⅛ 89	100	93⅞	94⅛	-0¼	-2⅞	14.17

Average price change On day -0¼ on week -2⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	99⅛	99⅞	0	-0½	7.57
Amca Int'l 8¼ 91	100	100⅛	100⅞	0	-0⅜	8.14
A.N.A.S. 8½ 91	150	100⅛	100⅞	0	-0⅜	8.38
Austria,Republic 7⅝ 94	200	97⅞	98⅛	0	-0⅜	7.96
Baxter Travenol 7¼ 94	200	96⅞	97⅛	-0⅛	-1⅛	7.73
Credit National 8⅛ 94	200	98⅛	98⅞	-0⅜	-1⅜	8.35
Degussa Int Fin 7½ 94	100	100	100⅝	-0⅛	-0⅞	7.44
E.E.C. 8 92	200	98⅛	98⅞	-0⅛	-1⅜	8.26
E.I.B. 8 91	250	98⅛	98⅞	-0⅜	-1⅜	8.26
Escom 8 92	150	97½	98¼	-0⅜	-0⅞	8.37
Ferrovie Dello Stato 8 91	100	99⅜	99⅞	-0⅛	-0⅝	8.19
Finland Rep 7½ 91	150	96½	97⅛	-0⅛	-0⅞	7.96
Int Standard Ele 7¼ 90	100	99⅛	99⅞	0	-2⅛	7.48
Mogul Fin 8⅛ 94	150	99⅛	99⅞	-0⅛	-0½	8.32
Mitsubishi Hvy 3½ 89WW	300	97⅛	98⅛	-1½	-5⅞	3.99
Mitsubishi Hvy 3½ 89XW	300	84½	85¼	-0⅜	-0⅞	7.29
Nippon Flour 3½ 89 WW	30	97	98	-0½	+0⅞	4.07
Nippon Flour 3½ 89 XW	30	83⅛	84⅛	-0⅝	-0⅝	7.84
O.K.B. 7½ 88	100	98⅞	99⅜	0	-0½	7.66
Pepsico O/S/ Fin 7¼ 94	250	98⅛	98⅞	0	-0¾	7.46
Reynolds O/S Fin 7⅜ 94	125	99⅝	100⅛	-0⅛	-1⅛	7.49
S.N.C.F. 8⅛ 93	100	99⅛	99⅞	-0⅞	-1⅜	8.19
Sth Africa Rep 8½ 91	200	99⅞	100⅜	-0⅛	-0⅞	8.44
World Bank 7⅝ 89	100	99⅞	100⅜	+0⅛	-0¾	7.67
World Bank 8 93	300	97⅝	98⅛	-0½	-2½	8.38
World Bank 8 94	200	97⅝	98⅛	-0⅝	-2⅜	8.38

Average price change On day -0⅜ on week -1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6 94	100	100½	100¾	0	0	5.91
Australia Comm 5⅝ 88	60	97	97¼	-0½	-2⅛	5.45
Austria Republic 5½ 84	150	98¼	98½	-0⅛	-0⅞	5.72
Cofiroute 7 94	80	101½	101¾	-0½	-1⅛	6.76
Consol Press 6⅛ 94	200	98⅞	99	+0⅛	-1	6.48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.67
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.74
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.62
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.39
Nat Australia Bk 5⅝ 94	100	98¼	98½	-0¼	-1¼	5.84
Newscorp 6¼ 94	175	100	100¼	0	-1¼	6.23
Nippon Express 5¾ 94	100	97	97¼	+0¼	-2	6.27
Nippon Tel & Tel 5⅝ 93	100	100¼	100½	-0⅛	-1½	5.69
Nippon Yusen K K 5⅝ 92	100	99¼	99½	-0⅛	-1⅛	5.85
O.K.B. 5¾ 92	100	100	100¼	+0½	-0¼	5.73
Soc Lux Cent 5⅝ 93	100	†99¼	99¾	-0½	-1	5.81
Spain Kingdom 6¼ 92	100	100½	100¾	-0¼	-0¼	6.15
Sweden Kingdom 5¾ 94	125	99	99¼	0	-0½	5.87
Tohoku Ele Power 5¾ 92	100	98¾	99	-0¼	-1	5.93
Transcanada Pipe 5½ 92	100	98	98⅛	+0½	-1⅞	5.80
World Bank 5¾ 94	200	98¾	99¼	+0⅛	-0½	6.08

Average price change On day 0 on week -1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 7⅝ 94	15	98	98½	-0⅜	-0⅜	7.63
Eurofima 7½ 94	10	98⅝	98⅞	-0¼	-0½	7.57
Int-Am Dev Bk 7⅞ 93	15	99¾	99⅞	-0⅜	-1⅛	7.96
World Bank 7 94	20	94¾	95¼	—	—	7.74
World Bank 7⅛ 93	20	95⅛	95⅝	-0⅝	-1⅛	7.71

Average price change On day -0½ on week -1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col Hyd 12 93 C$	125	93¾	94¼	+0⅛	-0½	13.18
Brit Col Tel 12⅞ 99 C$	70	93⅞	94⅜	-0⅛	-0⅜	13.15
Canadian Occ 12⅞ 99 C$	60	†93¾	94¼	0	-0⅞	13.38
E.I.B. 12⅛ 91 C$	80	†95⅞	96⅛	+0⅛	-0⅜	12.97
Loblaw 12½ 90 C$	35	†93	93½	0	-1¼	14.08
Montreal City Of 12 90 C$	50	†96⅛	96⅝	+0⅛	-0⅞	12.81
World Bank 12¾ 90 C$	75	†96⅞	97⅛	0	-0⅜	12.85
Austria Rep 10⅝ 93 ECU	100	†94⅞	95⅜	0	0	11.57
GTE Fin 10⅞ 92 ECU	50	†96¾	97¼	—	—	11.48
Amro Bank 8 89 FL	200	98⅞	99⅛	0	-0½	8.35
Amro Bank 8¼ 88 FL	100	102⅛	102⅝	+0⅛	-0¼	8.07
Bk Mees & Hope 8⅛ 89FL	100	99	99½	0	-0⅛	8.43
Int Stand Ele 8½ 88FL	100	101	101½	+0⅛	-0⅜	8.16
PHP 8¼ 89 FL	75	99¼	99¾	-0¼	-0⅜	8.37
Rabobank 9 88 FL	100	103	103½	+0⅛	-0⅛	8.10
O.K.B. 14 88 FF	400	101	102	0	0	12.88
Solvay & Cie 14⅜ 88 FF	200	101¾	102¼	0	+0⅛	13.20
Air Canada 11¼ 94 £	40	92½	93½	—	—	12.54
Commerzbank 11½ 89 £	20	98¼	99⅛	-0½	-1⅜	11.78
Cncl Europe 11⅞ 92 £	50	94⅞	95⅜	+0⅛	-1⅛	12.44
Denmark 10⅞ 89 £	75	94	94¾	-0¼	-1⅞	12.33
E.E.C. 11⅛ 94 £	50	94½	95¼	-1⅛	-2¼	12.28
E.I.B. 10¾ 92 £	50	91⅞	92⅜	-0½	-2½	12.39
Finland Rep 11⅛ 88 £	50	99½	100½	-0⅛	-1½	11.83
Forsmarks 10⅞ 99 £	40	94	94½	-0⅛	-1½	11.44
I.B.J. 11⅝ 95 £	30	96⅞	97⅜	-0⅝	-1⅛	12.16
I.I.I. 10¾ 93 £	25	92¼	93¼	-0¼	-2¼	12.05
Int Stand Ele 11⅛ 89 £	50	96⅝	97⅛	-0⅜	-2⅛	12.03
Ireland 11⅞ 94 £	50	92⅞	93⅛	0	-2⅞	12.89
New Zealand 10⅞ 89 £	100	93⅞	94⅜	—	—	12.27
SNCF 11¼ 94 £	80	91⅞	92⅜	-0⅜	-2⅛	12.66
World Bank 10⅞ 89 £	100	93⅞	94⅜	+0⅛	-2½	12.28
Electrolux 10 89 LF	500	99¼	99¾	-0⅛	+0⅛	10.38
Cncl Europe 10¼ 93 LF	600	99¾	100¼	0	+0⅛	10.78

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Banking 5¼ 96	0¼	†98	98½	15/8	10.81	11.01
B.B.L. Int 5 99	0⅛	98¼	98¾	11/10	11.19	11.29
Banco Naz Lavor 5¼ 91	0¼	†98½	99	26/10	11.44	11.58
Bank of Montreal 5 96	0⅛	98¼	98½	27/10	11.19	11.26
Banque Indosuez 5¼ 99	0⅛	98⅜	99	21/9	11.06	11.19
Barclays O/S Inv 5 2004	0⅛	97⅞	98	2/8	10.56	10.79
BFG Fin 5¼ 96	0¼	98⅞	99⅛	1/6	10⅝	10.48
Commerzbank 5¼ 89 XW	0	99¼	99¾	21/5	10	10.08
Creditanstalt Bank 5 98	0⅛	97⅝	97⅞	23/8	10½	10.74
Dai-Ichi Kangyo 5¼ 96	0⅛	98½	99	10/5	5⅛	5.32
Dresdner Fin 5¼ 99	0	99¼	99½	23/5	10⅝	10.31
E.D.F. 5¼ 99	0⅛	98⅛	98⅜	23/8	10.56	10.75
Ferrovie Stato 5¼ 99	0⅛	98½	98⅞	31/8	10.69	10.84
Lloyds Euro 5 2004 §	0⅛	97¾	98	18/10	11.31	11.50
Midland Int Fin 5 89 §	0⅛	99	99¼	6/8	10.56	10.79
Mitsui Finance 5¼ 98	0⅛	98⅜	98⅞	1/8	10.56	10.71
Mort Bk Denmark 5¼ 89+	0⅛	99⅝	99⅞	11/8	11	11.03
Nat West-Perp 5 99	0⅛	99¾	100	10/5	5	5.01
Neste Oy 5¼ 94	0⅛	98⅞	99⅛	23/8	10.56	10.67
Oster Land 5¼ 99 §	0⅛	97⅞	98⅛	11/10	11.19	11.43
Queensland Coal 5¼ 96	0⅛	98⅝	98⅞	6/11	11⅝	11.65
Societe Gen 5¼ 94	0⅛	98⅝	98⅞	15/8	10.18	10.31
Spain 5¼ 97	0⅛	97½	98¼	23/8	10.56	10.78
Sweden Kingdom 5¼ 2024	0⅛	98	98¼	22/8	11.19	11.40
Takugin 5¼ 94 §	0⅛	98⅞	98⅞	15/8	10¾	10.90

Average price change On day 0 on week -0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1159	88¼	89⅛	—	-4.25
BBC Brown Boveri 4¼ 95	2/84	186	†88	89	-0¼	1.41
Daiwa Sec Co 5½ 98	10/83	481.8	†121	122½	-5½	-7.51
Fanuc 3¾ 98	1/84	9142	119⅝	120⅝	-12½	23.03
Fujitsu 3 99	5/84	1320.9	89½	90½	-0⅜	-2.57
Honda Motor 5¼ 98	8/83	894	130⅝	131⅝	-4⅛	-3.34
Konishiroku Photo 4 98	10/83	673	90⅞	91⅞	-5¼	-3.54
Kyowa Hakko 6¼ 97	2/83	782	117⅞	119⅞	-4⅞	2.48
Minebea Co Ltd 5½ 98	5/83	667	105⅞	106⅞	-4	-6.25
Mitsubishi Elec 5¼ 98	6/83	396	101	102	-7	-5.52
Mitsubishi Heavy 4¾ 99	1/84	253	95⅝	96¼	-4⅛	-4.11
Murata 3½ 99	2/84	2539	104⅞	106¼	-12½	18.03
Nippon Oil Co 3¼ 99	3/84	1052	105⅛	106⅛	-4⅞	-2.72
Nippon Oil Co 5½ 98	4/83	984	114⅞	115⅞	-5⅞	-4.12
Nissan Motor 5¼ 98	4/83	790	102⅛	103⅝	-4¼	6.44
Ono Pharm'cal Co 3⅛ 98	3/84	9488	145	147	-9½	-2.81
Orient Leasing 5¼ 98	6/83	2680	137⅞	138⅞	-9	-10.70
Secom 5 98	11/83	2928	164⅞	166⅞	-17	-3.83
Sumitomo Corp 2⅝ 98	5/84	593	88	89	—	-5.66
Yamaichi Sec Co 5 98	8/83	449.5	124¼	125¾	-4	-8.81
Yamanouchi Pharm'cal 4 90	10/83	1800	89⅛	90⅞	-0½	19.72
Nippon Oil Co 2⅝ 92 SF	3/84	1052	111	111¼	-2⅜	-2.21
Nippon Shinpan Co 2 92 SF	3/84	801	98½	98⅞	-2½	10.09
Settsu Paper 2¼ 92 SF	4/84	877	113	113¾	-3⅛	-4.83
Asics 5 92 DM	12/83	520	186¼	187	+0⅛	17.17
Sun Realty 6¼ 92 DM	2/83	385	178⅞	179⅞	-6⅛	-4.46

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SICARTSA

Siderúrgica Lázaro Cárdenas — Las Truchas, S.A.

U.S.$65,000,000 Floating Rate Notes due 1989

In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 14th May 1984 to 14th November 1984 the Notes will carry an interest rate of 12⅞% per annum.

The interest payable on each U.S.$10,000 Note on the relevant interest payment date, 14th November 1984, against Coupon No. 5 will be U.S.$645.28.

Agent Bank:

Lloyds Bank International

Unilever results

The Directors of Unilever announce the results for the first quarter of 1984

UNILEVER COMBINED RESULTS ON AN HISTORICAL COST BASIS (£ millions)

	First Quarter 1984	First Quarter 1983	Increase/ (Decrease)
TURNOVER	3,548	3,187	11%
OPERATING PROFIT	190	150	27%
Share of associated companies' profit before taxation	11	11	
Other income from fixed investments	1	2	
Other interest receivable and similar income	20	30	
Interest payable and similar charges	(36)	(36)	
PROFIT BEFORE TAXATION	186	157	19%
Taxation on profit of the year	(90)	(74)	
Taxation adjustments previous years	1	(1)	
Outside interests and preference dividends	(7)	(7)	
Profit attributable to ordinary capital	90	75	20%
Difference on translation of 1984 results at end March 1984 rates of exchange	1		
PROFIT ATTRIBUTABLE TO ORDINARY CAPITAL	91	75	21%
—PLC	48	38	
—N.V.	43	37	
Combined earnings per share — per 25p of capital	24.50p	20.19p	21%

Exchange Rates. The results for the quarter and the comparative figures for 1983 have been translated at comparable rates of exchange. These are based on £1=Fl.4.44=U.S. $1.45, which were the closing rates of 1983. An exception has been made for the results that have arisen in hyper-inflationary economies, which for the current quarter have been translated at forecast closing rates for 1984. The profit attributable to ordinary capital for the current quarter has also been translated at the rates of exchange current at the end of March 1984 being based on £1=Fl.4.20=U.S. $1.44.

Changes in Presentation
In the Reports and Accounts for 1983, which were published on 24th April, 1984, a number of changes in presentation were made as a result of the United Kingdom Companies Act 1981 and in anticipation of the revised Civil Code, Book 2, in the Netherlands which comes into effect for the 1984 accounts. The presentation of our quarterly announcements is amended in line with these changes.
In addition, in line with a change made in the Reports and Accounts for 1983, operating profit is affected by the reclassification of exchange differences arising on cash and borrowings which are included as interest receivable or interest payable as appropriate. This does not change profit before taxation, profit attributable or earnings per share. The figures for 1983 have been restated on a comparable basis.

United Kingdom 1984 Budget Proposals
We have not yet taken account of the consequences of the proposals for changes in the rate of Corporation Tax contained in the United Kingdom 1984 Finance Bill.

Results
In the first quarter of 1984 sales value was 11% higher than in the corresponding quarter of 1983. Operating profit improved by 27%.
In Europe both volume and results were significantly higher than last year. Within the consumer groups, edible fats, frozen products, other food and drinks and personal products did much better than in 1983. The results of detergents were down on last year. All our industrial businesses had improved results.
In North America Lever Brothers in the United States invested heavily in launch expenses on new products and consequently their results for the quarter were down on last year. As a consequence, while the other major businesses in the United States had a good quarter, total North American results were lower than in 1983.
Continuing poor economic conditions and other adverse factors in its main areas of operation still affect UAC International. Sales volume and results were lower than in 1983.
In our other businesses throughout the world total sales and results were well up on last year and included a good contribution from our expanding plantations interests.
The drop in interest receivable compared with last year's first quarter arises because last year's exchange differences were positive, whilst this year's are negative.
Profit attributable was 21% higher in sterling and 15% higher in guilders than in 1983.

14th May, 1984

Unilever Quarterly Results are reprinted in leaflet form.
If you wish to be included in the mailing list for these leaflets please write to:
External Affairs Department, P.O. Box 68, Unilever House, London EC4P 4BQ.

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S. G. Warburg & Co. Ltd.

May, 1984